



September 19, 2016

Talina R. Mathews
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RE: Case No. 2016-00262

Dear Ms. Mathews,

Atmos Energy Corporation submits for filing the Company's responses to the Commission Staff's first set of informational requests dated September 9, 2016 in the above referenced case.

Please feel free to contact me at 270.685.8024 if you have any questions and/or need any additional information.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Martin".

Mark A. Martin
Vice President - Rates & Regulatory Affairs

Enclosures

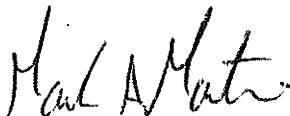
cc: Randy Hutchinson
Eric Wilen

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

ELECTRONIC APPLICATION OF)
ATMOS ENERGY CORPORATION) Case No. 2016-00262
FOR PRP RIDER RATES)

AFFIDAVIT

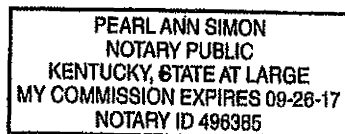
The Affiant, Mark A. Martin, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.




Mark A. Martin

STATE OF KENTUCKY
COUNTY OF DAVIESS

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 14th day of
September, 2016.





Notary Public - State of KY at Large

My Commission Expires: Sept. 26, 2017
Notary ID: 496385

Case No. 2016-00262
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-01
Page 1 of 1

REQUEST:

Refer to the Application, Exhibit B-1. Explain what led to project retirements' being approximately 42 percent greater than originally filed.

RESPONSE:

One driver for the variance is the difference between the estimated and actual average retirement cost of a service. The actual amount of the distribution asset that is retired is an automated calculation in the Company's fixed asset system (PowerPlant) and is based on data related to the available asset pool at the time the asset is retired. We estimated approximately \$687.00 for the average retirement cost of a service in the 2015 PRP filing. The actual average retirement cost per service was \$1,322. The Company will update its estimate for per unit retirement costs in future PRP filings.

A second driver of the variance was an increase in the total number of actual services retired compared to the number budgeted. This was due to several factors including timing of work completed and scope changes that occur in the normal course of business.

Respondent: Mark Martin

Case No. 2016-00262
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-02
Page 1 of 1

REQUEST:

Refer to the Application, Exhibit B-1, and to Case No. 2014-00274,1 the response to Commission Staffs First Request for Information, Item 3, Exhibit B. Exhibit B-1 in the instant case lists an as-filed tax factor of 60.70 percent. Exhibit B from Case No. 2014-00274 lists the tax factor as 61.100 percent. State which tax factor should be used for the true-up in the instant case and provide any revisions to the pending Application if necessary.

RESPONSE:

The 61.100% represents the calculation in the original filing as submitted by the Company as Attachment 1 in response to Commission Staff's First Request for Information, Item 3, Exhibit B in Case No. 2014-00274. The Company updated the response to correctly account for the Public Service Commission Assessment and Uncollectible Accounts Expense in the Gross Revenue Conversion Factor, and this updated version was filed by the Company as Attachment 2 to Commission Staff's First Request for Information, Item 3, Exhibit B. This updated version lists the tax factor as 60.70% and is the tax factor that should be used for the true-up in the instant case.

Respondent: Mark Martin

Case No. 2016-00262
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-03
Page 1 of 1

REQUEST:

Refer to the Application, Exhibit F, Deferred Income Tax Calculation.

- a. State whether bonus depreciation was utilized for determining the amount of accumulated deferred income tax.
- b. State whether Atmos will utilize bonus depreciation for income tax purposes for its fiscal year ending in 2017.
- c. If the response to Item a. above is negative and the response to Item b. is affirmative, provide updates to all affected exhibits in the application reflecting the impact of bonus depreciation on accumulated deferred income taxes.

RESPONSE:

- a. The Company utilized bonus depreciation as a component of its forecast for ADIT in this filing for its fiscal year 2017 (which includes parts of calendar years 2016 and 2017) consistent with current federal law as well as the Company's books and records and tax filings.
- b. Please see the response to subpart (a).
- c. Not applicable.

Respondent: Mark Martin

Case No. 2016-00262
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-04
Page 1 of 1

REQUEST:

Refer to the Application, Exhibit F-1. Refer to the Tax Rates schedule at the bottom of the exhibit. Provide an explanation that includes a schedule detailing how the ad valorem tax rate was determined.

RESPONSE:

The ad valorem rate was calculated by using the Company's approved 2013 rate case base period ad valorem accrual for its Kentucky division (on Schedule C.2.3 B) divided by the base period plant in service (on Schedule B.1 B) in Case No. 2013-00148. The Company utilized the rate from Case No. 2013-00148 due to the fact that Case No. 2015-00343 was not complete at the time the Company made this Application.

Should the Commission choose to utilize the amounts from Case No. 2015-00343, the updated ad valorem rate is 0.981%. Please see the calculation of the rate below. Attachment 1 shows the updated revenue requirement with the new ad valorem rate in the instant case.

		<u>Source</u>
Ad Valorem Accrual	\$5,067,056	Schedule C.2.3 B
<u>Base Period Plant in Service</u>	<u>\$516,683,027</u>	<u>Schedule B.1 B</u>
Ad Valorem Rate	0.981%	

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-04_Att1 - 2017 KY PRP Model Final with updated Ad Valorem, 18 Pages.

Respondent: Mark Martin

**ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY
 AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
 SURCHARGE SUMMARY**

Line Number	Tariff Schedule	Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)	\$ 1.57	0.0000
2	NON-RESIDENTIAL (Rate G-1)	\$ 5.27	0.0000
3	INTERRUPTIBLE (Rate G-2)	\$ 18.46	
4			0.0593
5			0.0447
6	TRANSPORTATION (T-3)	\$ 23.18	
7			0.0534
8			0.0403
9	TRANSPORTATION (T-4)	\$ 21.62	
10			0.0899
11			0.0557
12			0.0434

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
DEFICIENCY

Line Number	Description	Total
1	Project Additions	\$ 38,125,863
2	Project Retirements	(3,653,860)
3	Net Change to Gross Plant	\$ 34,472,003
4		
5	Cost of Removal to Accumulated Depr.	\$ 1,607,031
6	Retirements from Accumulated Depr.	3,653,860
7	Depreciation Accrual to Accumulated Depr.	(389,200)
8	Net Change to Accumulated Depreciation	4,871,692
9		
10	Net Change to Net Plant	\$ 39,343,695
11		
12	Accumulated Deferred Income Taxes	(1,170,849)
13	Net Change to Rate Base	\$ 38,172,846
14		
15	Rate of Return	7.71%
16	Required Operating Income	\$ 2,943,039
17		
18	Depreciation & Amortization Expense	389,200
19	O&M Savings	(22,954)
20	Ad Valorem Tax Increase	338,063
21	Income Taxes on Cost of Service Items	(273,976)
22	Income Taxes on Adjusted Interest Expense	(429,454)
23	Operating Income at Present Rates	\$ 879
24		
25	Deficiency	\$ 2,943,919
26	Tax Factor	60.70%
27	Total Proposed Rate Adjustment	\$ 4,850,316
28		
29	Project Cost True-up	\$ 10,441
30	Revenue Recovery True-up	\$ 151,991
31	Total True-up	\$ 162,432
32		
33	Total Rate Adjustment Plus True-up	\$ 5,012,748
34		

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
DEFICIENCY

Line Number	Description	Actuals	As Filed	
1	Project Additions	\$ 36,157,899	\$ 36,024,876	
2	Project Retirements	(5,350,183)	(3,770,848)	
3	Net Change to Gross Plant	\$ 30,807,716	\$ 32,254,027	
4				
5	Cost of Removal to Accumulated Depr.	768,542	234,920	
6	Retirements from Accumulated Depr.	5,350,183	3,770,848	
7	Depreciation Accrual to Accumulated Depr.	(415,609)	(445,499)	
8	Net Change to Accumulated Depreciation	5,703,116	3,560,269	
9				
10	Net Change to Net Plant	\$ 36,510,832	\$ 35,814,297	
11				
12	Accumulated Deferred Income Taxes	(1,100,653)	(431,865)	
13	Net Change to Rate Base	\$ 35,410,179	\$ 35,382,432	
14				
15	Rate of Return	7.71%	7.71%	
16	Required Operating Income	\$ 2,730,044	\$ 2,727,905	
17				
18	Depreciation & Amortization Expense	415,609	445,499	
19	O&M Savings	(18,145)	(18,145)	
20	Ad Valorem Tax Increase	269,568	246,840	
21	Income Taxes on Cost of Service Items	(259,475)	(262,261)	
22	Income Taxes on Adjusted Interest Expense	(389,488)	(398,061)	
23	Operating Income at Present Rates	\$ 18,068	\$ 13,871	
24				
25	Deficiency	\$ 2,748,112	\$ 2,741,776	
26	Tax Factor	60.70%	60.70%	
27	Total Proposed Rate Adjustment	\$ 4,527,711	\$ 4,517,270	
28				
29	2014 approved deficiency	\$ 4,381,785	\$ 4,381,785	
30				
31	Increase in deficiency	\$ 145,925	\$ 135,484	\$ 10,441

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY**

RECOVERY SCHEDULE

Line No.	Surcharge Report	Actual Recovery Year	Approved Recovery Amt	Actual Recovery Amt	Over / (Under) Recovered	Carrying Charges	Total Over / (Under)	Weighted Average Cost of Capital	
1	2015	Oct-14	Sep-15	4,381,785	4,240,674	(141,111)	(10,879)	(151,991)	7.71%
2				\$ 4,381,785	\$ 4,240,674	\$ (141,111)	\$ (10,879)	\$ (151,991)	

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
ADDITIONS**

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2017	31,905,306	5,949,044	271,513	38,125,863
4					
5	Total Additions	<u>\$ 31,905,306</u>	<u>\$ 5,949,044</u>	<u>\$ 271,513</u>	<u>\$ 38,125,863</u>

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
RETIREMENTS**

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2017	\$1,284,082	2,197,532	172,245	3,653,860
4					
5	Total Retirements	<u>\$ 1,284,082</u>	<u>\$ 2,197,532</u>	<u>\$ 172,245</u>	<u>\$ 3,653,860</u>

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
DEPRECIATION EXPENSE

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant	\$ 30,621,224	\$ 3,751,512	\$ 99,268	
2	Depreciation Rates	2.09%	3.47%	8.30%	
3	Proforma Annual Depreciation Expense	\$ 639,984	\$ 130,177	\$ 8,239	\$ 778,400
4					
5	Current Year Change to Net Plant	\$ 30,621,224	\$ 3,751,512	\$ 99,268	
6	Depreciation Rates	2.09%	3.47%	8.30%	
7	Proforma Annual Depreciation Expense	\$ 639,984	\$ 130,177	\$ 8,239	\$ 778,400
8					
9	Depreciation Accrual to Accumulated Depreciation from Prior Approved Filing				\$ -
10	Accumulated Depreciation on Prior Additions (full years depreciation)				-
11	Accumulated Depreciation on Current Additions (half-year convention)				389,200
12					
13	Depreciation Accrual to Accumulated Depreciation				<u>\$ 389,200</u>

Line No		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sen	Total
1	Book Cost	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	34,472,003
2	Tax Cost	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	15,361,843
3	FXAD1	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (1,592,513)</u>	<u>\$ (19,110,160)</u>
6	FXAD1 Prorated	(1,457,259)	(1,328,387)	(1,191,113)	(1,055,858)	(933,693)	(798,438)	(667,547)	(532,292)	(401,401)	(286,146)	(130,892)	-	(8,781,005)
7	Deferred Rate	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	
8	FXAD1 Tax Effected	<u>\$ (531,899)</u>	<u>\$ (484,124)</u>	<u>\$ (434,756)</u>	<u>\$ (385,388)</u>	<u>\$ (340,798)</u>	<u>\$ (291,430)</u>	<u>\$ (243,655)</u>	<u>\$ (194,287)</u>	<u>\$ (146,511)</u>	<u>\$ (97,143)</u>	<u>\$ (47,775)</u>	<u>\$ -</u>	<u>\$ (3,197,767)</u>
13	Book Depreciation	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	388,200
14	Tax Depreciation	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	743,448
15	FXAD2	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 29,520</u>	<u>\$ 351,248</u>
18	FXAD2 Prorated	27,013	24,587	22,060	19,572	17,308	14,801	12,374	9,887	7,441	4,934	2,428	-	162,403
19	Deferred Rate	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	
20	FXAD2 Tax Effected	<u>\$ 9,868</u>	<u>\$ 8,974</u>	<u>\$ 8,059</u>	<u>\$ 7,144</u>	<u>\$ 6,317</u>	<u>\$ 5,402</u>	<u>\$ 4,517</u>	<u>\$ 3,601</u>	<u>\$ 2,716</u>	<u>\$ 1,891</u>	<u>\$ 886</u>	<u>\$ -</u>	<u>\$ 59,777</u>
22	Incremental Deferred Inc. Taxes and Investment Tax Credits (excluding forecasted change in NOLC)													\$ (3,138,490)
24	Forecasted Change in NOLC													\$ 1,567,641
25	Forecasted ADIT in Rate Base													<u>\$ (1,170,549)</u>
31	Calculation of Change in NOLC													
32	Forecasted Test Period	Schedule Reference												
33	Net Change to Rate Base	Exhibit B												
34		38,172,846												
35	Required Operating Income	Exhibit B												
36		2,943,039												
37	Interest Deduction	38.9%	Exhibit B											
38			1,103,894											
39	Return on Equity Portion of Rate Base		line 36 - line 38											
40			1,639,046											
41	Return, proessed up for Income Tax	38.9%	line 40 / (1-tax rate)											
42			3,009,896											
43	Tax Expense on Return	38.9%	Line 42 x tax rate											
44			<u>1,170,849</u>											
45	Change in ADIT, excluding forecasted change in NOLC		Line 22											
46			(3,138,490)											
47	Required Change in NOLC		Line 47											
48			<u>1,967,641</u>											
49	Total Required Change in Accumulated Deferred Income Taxes ¹		Exhibit B											
50			<u>(1,170,849)</u>											
51	ADIT Reconciliation													
52	Change in ADIT, excluding forecasted change in NOLC		Line 22											
53			(3,138,490)											
54	Change in NOLC		Line 47											
55			<u>1,967,641</u>											
56	Forecasted ADIT in Rate Base		<u>(1,170,849)</u>											
57	Total Required Change in Accumulated Deferred Income Taxes		Line 57 - Line 53											
58			<u>(1,170,849)</u>											

¹ Because the Company is in a NOLC position, the total change in ADIT must equal the tax expenses included in revenue requirement

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
DEFERRED INCOME TAXES

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant - Book 2017	\$ 30,621,224	\$ 3,751,512	\$ 99,268	\$ 34,472,003
2	Repairs Percentage	26.57%	14.65%	14.65%	
3	Less: Repairs	\$ (8,135,947)	\$ (549,748)	\$ (14,547)	\$ (8,700,242)
4	Tax Basis Before Bonus	\$ 22,485,276	\$ 3,201,764	\$ 84,721	\$ 25,771,761
5	Bonus Depreciation %	80.90%	80.01%	80.01%	
6	Bonus Depreciation	\$ (9,095,164)	\$ (1,280,862)	\$ (33,892)	\$ (10,409,918)
7	Tax Basis	\$ 13,390,113	\$ 1,920,902	\$ 50,828	\$ 15,361,843
8					
9	FXA01 - Gross	\$ (17,231,111)	\$ (1,830,610)	\$ (48,439)	\$ (19,110,160)
10	Deferred Rate	36.50%	36.50%	36.50%	
11	FXA01 - Tax Effected	\$ (6,289,355)	\$ (668,173)	\$ (17,680)	\$ (6,975,208)
12					
13					
14					
15	Book Depreciation	\$ 319,992	\$ 65,089	\$ 4,120	\$ 389,200
16	Tax Depreciation	\$ 669,506	\$ 72,034	\$ 1,906	\$ 743,446
17					
18	FXA02 - Gross	\$ 349,514	\$ 6,945	\$ (2,214)	\$ 354,245
19	Deferred Rate	36.50%	36.50%	36.50%	
20	FXA02 - Tax Effected	\$ 127,573	\$ 2,535	\$ (808)	\$ 129,300
21					
22					
23	Calculation of Tax Depreciation				
24	Tax Basis	\$ 13,390,113	\$ 1,920,902	\$ 50,828	\$ 15,361,843
25	Tax Depreciation Rates - Year 1	5.00%	3.75%	3.75%	
26	Tax Depreciation 2017	\$ 669,506	\$ 72,034	\$ 1,906	\$ 743,446
27					
28					
29					
30					
31	<u>Tax Rates</u>				
32	Ad Valorem Tax Rate	0.981%			
33	Income Tax Rate	38.900%			
34	State Tax Rate	6.00%			
35	Federal Tax Rate	35.00%			
36	Uncollectible accounts expense	0.50%			
37	PSC Assessment	0.16%			
38	Gross Up Factor	1.6476			

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
RATE OF RETURN**

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	5.2%	1.25%	0.06%
2	LT Debt	45.7%	6.19%	2.83%
3	Equity	<u>49.2%</u>	9.80%	<u>4.82%</u>
4		100.0%		7.71%

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
O&M SAVINGS**

<u>Line Number</u>	<u>Description</u>	<u>Annual Savings</u>	<u>Cumulative Savings</u>
1	First year 2017 savings	\$ 22,954	\$ 22,954

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY
 AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
 RATE DESIGN

Exhibit I

Line Number	Case 2015-00343				Customer /		Revenue increase by Class	Budgeted Volumes	Budgeted Customer Counts	Customer Charge	Volumetric Charge
	Class of Customers	Rate	Total	Total Dollars	Ratio	Volumetric Charge Ratio					
1	RESIDENTIAL (Rate G-1)				58.51%		\$ 2,932,784		1,867,805		
2	FIRM BILLS	\$17.50	1,865,637	\$32,648,648		67.42%				\$ 1.57	
3	Sales: 1-300	1.5340	10,286,921	\$15,780,137		32.58%					
4	Sales: 301-15000	0.9500	0	\$0		0.00%					
5	Sales: Over 15000	0.7400	0	\$0		0.00%					
6	CLASS TOTAL (Mcf/month)		10,286,921	48,428,785							
7	NON-RESIDENTIAL (Rate G-1)				24.01%		\$ 1,203,562		228,457		
9	FIRM BILLS	44.50	228,871	\$10,184,760		51.25%				\$ 5.27	
10	Sales: 1-300	1.5340	5,556,242	\$8,523,275		42.89%					
11	Sales: 301-15000	0.9500	1,227,661	\$1,166,278		5.87%					
12	Sales: Over 15000	0.7400	0	\$0		0.00%					
13	CLASS TOTAL (Mcf/month)		6,783,903	19,874,312							
14	INTERRUPTIBLE (G-2)				0.39%		\$ 19,463		154		
16	INT BILLS	375.00	125	\$46,875		14.59%				\$ 18.46	
17	Sales: 1-15000	0.8500	305,158	\$259,384		80.71%	264,791				0.0593
18	Sales: Over 15000	0.6405	23,620	\$15,129		4.71%	20,495				0.0447
19	CLASS TOTAL (Mcf/month)		328,778	321,388			285,286				
20	TRANSPORTATION (T-3)				7.96%		399,243		816		
22	TRANSPORTATION BILLS	375.00	833	\$312,375		4.74%				\$ 23.18	
23	Interrupt Transport: 1-15000	0.8500	5,382,091	\$4,574,777		69.39%	5,184,151				0.0534
24	Interrupt Transport: Over 15000	0.6405	2,662,778	\$1,705,509		25.87%	2,564,848				0.0403
25	CLASS TOTAL (Mcf/month)		8,044,869	6,592,662			7,748,999				
26	TRANSPORTATION (T-4)				9.13%		457,695		1,524		
28	TRANSPORTATION BILLS	375.00	1,451	\$544,125		7.199%				\$ 21.62	
29	Firm Transport: 1-300	1.5340	428,610	\$657,488		8.699%	442,944				0.0899
30	Firm Transport: 301-1500	0.9500	5,801,222	\$5,511,161		72.919%	5,995,232				0.0557
31	Firm Transport: Over 1500	0.7400	1,142,037	\$845,107		11.182%	1,180,230				0.0434
32	CLASS TOTAL (Mcf/month)		7,371,869	7,557,881			7,618,406				
34	Total Revenue			82,775,028	100.00%		\$ 5,012,748		2,098,755		
36										KY Revenue Requirement	\$ 5,012,748

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY
 AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
 CUSTOMERS & VOLUMES

Line Number	Tariff	Description		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	
<u>Customers</u>																	
1	G-1	Residential	Fiscal 2017 Bud	152,783	153,746	156,788	157,099	158,600	158,600	157,325	158,000	156,386	154,383	151,926	152,170	1,867,805	
2	G-1	Commercial Firm	Fiscal 2017 Bud	16,853	17,083	17,584	17,490	17,731	17,857	17,541	17,632	17,210	17,073	16,740	16,828	207,622	
3	G-1	Public Authority	Fiscal 2017 Bud	1,523	1,521	1,536	1,521	1,557	1,538	1,526	1,541	1,537	1,537	1,482	1,507	18,327	
4	G-1	Industrial Firm	Fiscal 2017 Bud	209	209	209	209	209	209	209	209	209	209	209	209	2,508	
5																	
6	G-2	Commercial Interruptible	Fiscal 2017 Bud	2	3	3	3	3	3	3	4	2	2	2	2	34	
7	G-2	Industrial Interruptible	Fiscal 2017 Bud	10	10	10	10	10	10	10	10	10	10	10	10	120	
8	G-2	Public Authority Interruptible	Fiscal 2017 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
9																	
10	T-3	Transportation Interruptible	Fiscal 2017 Bud	68	68	68	68	68	68	68	68	68	68	68	68	816	
11	T-4	Transportation Firm	Fiscal 2017 Bud	127	127	127	127	127	127	127	127	127	127	127	127	1,524	
12				171,575	172,768	176,325	176,527	178,305	178,412	176,809	177,592	175,550	173,409	170,564	170,921	2,098,755	
13																	
14	<u>Volumes</u>																
15																	
16	G-2	Commercial Interruptible	Fiscal 2017 Bud	94	742	2,344	2,220	2,622	2,757	1,478	630	20	18	18	26	12,970	
17	G-2	Industrial Interruptible	Fiscal 2017 Bud	10,289	19,640	29,597	51,043	40,305	16,897	15,263	28,295	25,982	8,219	17,208	9,579	272,317	
18	G-2	Public Authority Interruptible	Fiscal 2017 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
19																	
20	T-3	Transportation Interruptible	Fiscal 2017 Bud	579,442	683,827	690,320	658,702	741,752	709,034	713,716	618,283	617,748	584,643	546,248	605,284	7,748,999	
21	T-4	Transportation Firm	Fiscal 2017 Bud	526,711	606,837	634,640	660,828	877,099	797,986	759,045	603,975	553,460	535,404	530,204	532,217	7,618,406	
22				1,116,536	1,311,046	1,356,901	1,372,793	1,661,779	1,526,674	1,489,502	1,251,184	1,197,210	1,128,284	1,093,678	1,147,106	15,652,691	

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY**

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
2635 PRP, Marion To Fredonia Phase I	Replace approximately 2.8 miles of bare HFT & Distribution main with 15,550' 2" HDPE, 12,820' 4" HDPE and 18,064' 2" PE. Replace Marion TB Station & Fredonia TB Station, 3 new Regulator stations. Approximately 85 Tarn bars involved.	85	6,706,144			282,177					
	Contractor			115,069				6,056			
	Material			15,300		5,950					
	Overhead			26,204		1,196			1,217		
2734 PRP Abert St.	Replace 2000' of Bare Stl. With 2" PE, IP. - Up rate 113,146 IP. Replace 20 services.	20	253,601				13,321				
	Contractor			27,075				1,425			
	Material			3,600		1,400					
	Overhead			6,166		281			266		
2734 PRP, C.C. Roosevelt and High St.	Replace 300' 2" Bare Stl. with 300' of 2" PE, IP. Replace 3 services.	3	18,067				882				
	Contractor			4,061				214			
	Material			340		210					
	Overhead			925		42			43		
2734 PRP, C.C. 6th. and Blake	Replace 600' of bare 2" Steel with 600' of 2" PE IP. Replace 12 Services	12	47,361				2,405				
	Contractor			16,245				855			
	Material			2,160		840					
	Overhead			3,699		169			172		
2734 PRP, C.C. Edgewood	Replace 1500 feet of bare 2" & 6" LP steel with 1500 feet 2" PE, IP. Replace 12 services.	12	75,690				3,667				
	Contractor			16,245				855			
	Material			2,160		840					
	Overhead			3,699		169			172		
2734 PRP, C.C. Hwy. 73 and Parkway Dr.	Replace 1100' 2" Bare Stl. IP. With 1100' of 2" PE, IP. Replace 16 services.	16	57,600				2,850				
	Contractor			21,600				1,140			
	Material			2,880		1,120					
	Overhead			4,923		225			220		
2734 PRP, Park and 14th	Replace, 14Th. Ave, Chestnut St., 13Th. Ave., Park St., 6890' Bare Stl., IP., with 2" PE, LP; Replace 140 Services	140	654,623				33,528				
	Contractor			189,525				9,975			
	Material			25,200		9,800			2,005		
	Overhead			45,168		1,970					
2734 PRP, State St.	Replace State St., E. 11th. Ave., E. 10th. Ave. LP, with 2250' 2" PE, and 1700' 4" PE IP.; Replace 66 services.	66	680,014				34,887				
	Contractor			89,348				4,703			
	Material			11,880		4,620					
	Overhead			20,347		929			945		
2735 PRP, Duke Ash St., & Owens St.	Replace 11,125' 2" & 4" Bare Stl. LP., with 9450' of 2" and 1675' of 4" PE. Remove 6 LP, Reg. Stations. Replace 122 services.	122	1,827,121				52,315				
	Contractor			165,158				8,693			
	Material			21,960		8,540					
	Overhead			37,611		1,717			1,747		
2735 PRP, Old Bardstown Rd.	Replace 6900' of 4" & 6" Bare Stl., Stl., with 4400' of 2" and 2300' of 4" PE, IP. Remove 1 Regulator Station, Replace 53 Services	53	726,437				37,314				
	Contractor			71,749				1,776			
	Material			9,540		3,710					
	Overhead			16,339		746			759		

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY**

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
2717 Herrodswag South Harmon Ave.	Replace 8750' of 2" and 3,000' of 4" Bare SH, JP. With 2" & 4" PE. PEs: 335 Services Replaced	335	1,525,876			77,120					
	Contractor			433,586			23,869				
	Material			66,300	23,450						
	Overhead			103,275	4,713						4,798
2717 Springfield To Calvary 6" STL Phase 1	Replace 7.6 miles of 6" and 4.7 miles of 4" IP Steel and install nonconductor: 15.2 miles of 6" HP Steel.		4,746,084			78,860					
	Contractor										
	Material										
	Overhead										
2718 PRP South Central, Curvation	Replace 3,781' Bare LP main S. Central Ave, Hotchkiss St., S. Court, Logan St. and Wellington Ct. Replace three main with 3,300' 2" & 2,481' 4" IP PE., Curvation St., to Helstead St., & Hill St. Replace 67 services.	67	552,754			27,949					
	Contractor			20,701			4,774				
	Material			12,660	4,650						
	Overhead			20,655	943						960
2718 PRP Columbia and Gowdy St.	Replace 3,775' Bare main with 4,593' 2" and 1,182' 4" IP PE., S. Columbia Ave, Gowdy St., Taylor Ave., Risen Ave., Dell Ave. Replace 112 services.	112	535,742			27,622					
	Contractor			151,620			7,580				
	Material			20,160	7,810						
	Overhead			24,528	1,876						1,684
PRP 2734 C.C. Mimses Alley	Replace 889' of 2" Bare LP steel with 900' 2" PE IP Remove 1-LP Rec Station. Replace 7 services.	7	109,897			5,735					
	Contractor			9,476			409				
	Material			1,269	406						
	Overhead			2,158	98						100
PRP 2734 Montague Ave. Liberty	Replace 4,000' of Bare SH, with 2" PE, on Liberty St., Montague Ave., Franklin St. Replace pole mounted Regulator Station. Replace 67 services.	67	352,088			17,018					
	Contractor			90,701			4,774				
	Material			12,660	4,690						
	Overhead			26,655	943						960
PRP 2635 Baldwin St	Replace 1,031' of 2" Bare IP Main with 1378' of 2" PE IP on Baldwin St. from Leach St., to 2" PE near Egan St. Replace 34 services.	36	61,763			3,109					
	Contractor			48,735			2,565				
	Material			6,480	2,520						
	Overhead			11,098	507						516
PRP 2635 Darby St	Replace 280' of 2" Bare IP Main with 2" PE IP on Darby St. Replace 4 services.	4	19,920			1,022					
	Contractor			5,415			285				
	Material			750	280						
	Overhead			1,233	56						57
PRP 2635 Merion North East	Replace 18,189' of 2" bare IP SH With 2" IP PE on Old Shady Grove Rd., P. Bellville St., S. Walker St., Oak St. Replace 57 services.	97	695,588			34,976					
	Contractor			121,314			6,911				
	Material			17,460	6,720						
	Overhead			29,904	1,385						1,289
PRP 2635 Merion South	Replace on South Main 2872' of 4" IP SH with 4" IP PE, 3976 of 2" IP SH on Leland Ave. and Leland Ct. with 2" IP PE. Replace 68 services.	60	467,258			23,189					
	Contractor			81,225			4,275				
	Material			10,800	4,200						
	Overhead			28,497	841						859

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2635.North Franklin St.	Replace 440' of 2" bare IP Main with 475' of 2" PE IP on North Franklin St. Replace 2 services.	9	24,998			1,197					
	Contractor			12,184			641				
	Material			1,020	630						
	Overhead			2,775	127				129		
PRP.2636.E. 20th St.	Replace 450' of 2" Bare IP Slt. With 2" PE IP. Replace 12 services.	12	18,242			902					
	Contractor			16,245			855				
	Material			2,160	810						
	Overhead			5,699	169				172		
PRP.2636.E. 22nd St.	Replace 1341' 3" Bare Slt IP with 2" PE IP on E 22nd St. Replace 32 services.	32	46,767			2,261					
	Contractor			43,220			2,230				
	Material			5,760	2,240						
	Overhead			9,865	450				458		
PRP.2636.West 3rd St.	Replace 5255' of Bare 3" & 4" LP Slt., W. 3rd St., from Poplar St. to Table Ave. Install 3135' of 6" IP PE. Install 2120' of 2" PE on Cass St., Monroeville St., Fryer Ave., Cochran St., Plum St. Replace 198 services.	108	404,444			19,147					
	Contractor			146,205			7,695				
	Material			19,440	7,560						
	Overhead			23,295	1,520				1,547		
PRP.2636.West 5th St.	W. 5th, W. 7th, St. change from IP to PE. Install 2573' of 2" PE on Elm St., Walnut St. Install 2103' of 6" IP PE on W. 5th St., Poplar St. Replace 70 Services.	70	365,592			17,292					
	Contractor			94,763			4,088				
	Material			12,600	4,300						
	Overhead			21,480	983				1,092		
PRP.2637.Cardinal Point Apts.	Replace 5500' of 2" Slt & 4" Bare IP Slt. with 1600' 2" & 900' 4" PE IP. Cardinal Point Apt Complex, Clay St between N 27th & 28th. Replace 52 services.	52	190,804			9,487					
	Contractor			70,395			3,705				
	Material			9,260	3,590						
	Overhead			16,031	732				745		
PRP.2637.Glenwood Dr.	Replace 8879' of Bare 2" & 3" IP with 2" PE IP Slt. Glenwood Dr., Glenwood Ct., Cloverdale Rd., Deciduous Rd., Aronow Dr., Fairwood Dr., Thandale Rd. Replace 272 services.	273	832,181			41,018					
	Contractor			369,374			19,451				
	Material			49,140	19,110						
	Overhead			24,161	3,852				2,910		
PRP.2637.Lake City	Replace 4364 feet of 2 inch steel transmission and 9947 feet of 4 inch steel transmission with 14,760 feet 6 inch Slt. and 11,000 feet 2 inch HDPE. Reconnecting to 2 existing Regulator Stations and installation of 1 new Regulator Station. Replacing aged transmission assets with HDPE assets. Replace 25 services.	25	4,337,156			174,574					
	Contractor			33,844			1,781				
	Material			4,500	1,750						
	Overhead			7,767	352				358		
PRP.2637.Lone Oak HWY 45	Replace 2100' of 4" steel (1955 pipe) and 40 services from Cave Thomas to Friendship Road. There are 4 leaks on this section of pipe under the new highway. The new pipe will be located in the grassy area parallel to the highway. Replace 40 services.	40	450,724			14,125					
	Contractor			54,150			2,350				
	Material			7,200	2,800						
	Overhead			12,521	363				573		
PRP.2637.N. 32nd Clay St.	Replace 1730' of 2" and 4725' of 4" Bare IP Slt with 2" & 4" IP PE. N 2nd, St Pines Rd. to Clay St., Clay St. N 2nd, St. to N 32nd St., Pines Rd. and Central Ave. Replace 75 services.	75	552,799			25,947					
	Contractor			101,531			5,344				
	Material			13,500	5,350						
	Overhead			23,121	1,055				1,074		
PRP.2637.River Oaks	Replace 4912' of 2" , 1793' 4" & 780' 6" Bare IP Slt with 2" 4" & 6" IP PE. River Oaks Blvd, Spring St, Manish Ave., onto LaRowder Ave., and N 32nd Pines Rd to Manish Ave. Replace 199 services.	190	587,148			29,718					
	Contractor			203,063			10,688				
	Material			27,000	10,500						
	Overhead			46,243	2,111				2,148		

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Material			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2638.S.10th St.	Replace 700" of Bare 2" IP S/L With 700" of 2" IP PE. on S. 10th St. Replace 8 services.	8	57,076			2,733					
	Contractor			10,830				370			
	Material			1,440	560						
	Overhead			3,466	113				113		
PRP.2734 7th. And Winter	Replace 2500" of Bare S/L IP. on W. 7th. ST. Roca Blvd. with 4" PE. IP. Replace 39 Services.	39	331,082			16,501					
	Contractor										
	Material										
	Overhead										
PRP.2734 C.C. ClairAve. And Hwy 31	Replace 1500" bare S/L IP. with 1500" of 2" PE. IP. Replace 16 Services	16	70,457			3,484					
	Contractor			21,660				1,140			
	Material			2,880	1,120						
	Overhead			4,913	225				229		
PRP.2735.6th and Main	Replace 4,450 ft of bare IP steel with 2,200 ft of 4" and 2,250 ft of 2" PE IP. Replace 44 services.	44	430,362			21,083					
	Contractor			39,565				3,135			
	Material			7,920	3,080						
	Overhead			18,564	619				630		
PRP.2735.Droadway and Kentucky	Replace 10,300 ft of 4" bare steel with 1,800 ft of 4" and 8,500 ft of 2" PE IP. Remove 1 LP reg station. Replace 85 services.	85	941,587			47,667					
	Contractor			113,069				6,056			
	Material			13,300	5,030						
	Overhead			26,294	1,196				1,217		
PRP.2736.14th.St.	Replace 2,760 ft of 4 in. bare steel with 710 ft of 4 in. HDPE and 2,050 ft of 2" at east ninth street between Horse and Quail Streets. Replace 33 services.	33	237,730			13,302					
	Contractor			44,674				2,351			
	Material			5,840	2,310						
	Overhead			10,173	464				473		

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2736.Nikman,Bryon,Liberty	Replace 16,105' of bare 2" & 4" LP steel with 8,355' of 2" PE and 7,750' 4" PE IP. Virginia St. from E 9th to E 22nd St., Clay St. from E. 9th. To E. 18th. St., Kirkman rd., Hoppe Ct., Tappan St., Liberty St., Bryson St., E. 9th St. E. 14th. St. E. 16th. Replace 253 services.	283	1,293,093			64,515			18,739		
	Contractor			356,036							
	Material			47,340	18,410						
	Overhead			81,079	3,700				3,766		
PRP.2737.R>Main St	Replace 4000' of bare 2" SH IP with 4000' 2" PE IP. E. Main, Sevenson, East Court,Pesck, Maple, R.A.BH, Depot Street, Reddon St services.	50	491,126			25,104			3,563		
	Contractor			67,688							
	Material			9,000	3,500						
	Overhead			15,114	794				716		
PRP.Greenville,Frutbill	Replace 2 miles of 4" steel with 10,917 ft of 4 in. HDPE leaving Greenville towards Frutbill - Replace 12 services.	12	908,839			40,479			855		
	Contractor			16,245							
	Material			2,169	840						
	Overhead			3,699	169				172		
	Contractor		0								
	Material		0								
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