



September 7, 2017

John S. Lyons
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RE: Case No. 2017-00308

Dear Mr. Lyons,

Atmos Energy Corporation submits for filing the Company's response to the Attorney General's data requests 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 blue ink that reads "Mark A. Martin".

Mark A. Martin
Vice President - Rates & Regulatory Affairs

Enclosures

cc: Randy Hutchinson
Kent Chandler
Eric Wilen

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY CORPORATION
TO ESTABLISH PRP RIDER RATES FOR THE
TWELVE MONTH PERIOD BEGINNING
OCTOBER 1, 2017

CASE NO. 2017-00308

RESPONSE TO ATTORNEY GENERAL'S DATA REQUEST

Comes now Atmos Energy Corporation ("Company") and submits the following responses to the Attorney General's request.

Respectfully submitted this 7th day of September, 2017.



WILSON, HUTCHINSON & LITTLEPAGE
Mark R. Hutchinson
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VERIFICATION

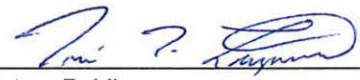
I, Mark A. Martin, being duly sworn under oath, state that I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Midstates Division, and that the statements contained in the following Responses are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.



Mark A. Martin

STATE OF KENTUCKY
COUNTY OF DAVIESS


The foregoing was acknowledged before me by Mark A. Martin, as Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Midstates Division, on this the 7th day of September, 2017.



Notary Public
ID NO: 50126
My Commission Expires: 12-4-17

CERTIFICATE OF SERVICE

I hereby certify that on the ____ day of September, 2017, the original of the Company's attached Responses, together with ten (10) copies were filed with the Kentucky Public Service Commission, 211 Sower Blvd, P.O. Box 615, Frankfort, Kentucky 40206 and with the Kentucky General's Office, 700 Capitol Avenue, Suite 20, Frankfort, Kentucky 40601.



Mark R. Hutchinson

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

ELECTRONIC APPLICATION OF)
ATMOS ENERGY CORPORATION) Case No. 2017-00308
FOR PRP RIDER RATES)

AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the attached responses to the Attorney General's data requests 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 7th day of
September, 2017.



Notary Public

My Commission Expires: 12-4-17

**ATMOS ENERGY CORPORATION
DATA REQUEST
CASE NO. 2017-00308
DR Item 1(a)**

**WITNESS: Mark A. Martin
Vice President of Rates and Regulatory Affairs
Atmos Energy Corporation, Kentucky/Midstates Division**

1. To answer the following requests, refer to Case No. 2009-00354, In the Matter of: Rate Application of Atmos Energy Corporation.
 - a. Refer to the Application, Volume 1 of 6, Direct Testimony of Earnest B. Napier, P.E., page 12-13.
 - i. Of the approximately 250 miles of bare steel mains Atmos proposed to replace, how much has Atmos replaced to date? In response to this request, please provide the month and year in which the most recent figure is available.
 - ii. Does Atmos still intend to replace all of the approximately 250 miles of bare steel mains on its system? If not, why not?
 - iii. By what date does Atmos intend to replace all of the bare steel mains and appurtenances?
 - iv. How does the date provided in response to request iii, above, compare to the planned 15-year period provided for on page 13 of Mr. Napier's testimony?

RESPONSE:

- i. The Company's initial application in Case No. 2009-00354 sought to replace 250 miles of bare steel pipe over a fifteen year period. The Company met with the Commission Staff on July 25, 2011 and let them know of the discovery of an additional 100 miles of bare steel pipe. At that meeting, the Company stated that it was still committed to the fifteen years per the Commission's Order. Also, on July 2, 2014, the Company requested a Staff Opinion regarding the Company's ability to recover the cost of the "Shelbyville Line" in its pipe replacement program (PRP). The Commission's Order in Case No. 2014-00274 states that "KRS 278.509 does not mandate that natural gas pipeline replacement programs be restricted to bare or unprotected steel pipe, and it specifically allows recovery of costs for investments in natural gas replacement

programs which are not recovered in the existing rates of a regulated utility.” Finally, the Company has been replacing the “Lake City Line” during this current fiscal year. As of July 31, 2017, the Company has replaced approximately 184 miles of bare steel mains and services.

- ii. Yes, the Company plans to replace all of the known bare steel pipe in its system as well as any other pipe that has outlived its useful life and/or creates a safety and/or a reliability concern through the PRP.
- iii. While the Company’s pipe replacement program (PRP) was approved in Case No. 2009-00354, the program did not start until the Company’s planned projects were approved in Case No. 2011-00120. The PRP surcharge began being billed on June 1, 2011. The Company is committed to replacing all known bare steel mains and appurtenances within the fifteen year period.
- iv. As stated in response 1.a.i above, the Company remains committed to the fifteen year period for the replacement of all known bare steel pipe and appurtenances per the Commission’s Order in Case No. 2009-00354.

**ATMOS ENERGY CORPORATION
DATA REQUEST
CASE NO. 2017-00308
DR Item 1(b)**

**WITNESS: Mark A. Martin
Vice President of Rates and Regulatory Affairs
Atmos Energy Corporation, Kentucky/Midstates Division**

b. Refer to the Application, Volume 1 of 6, Direct Testimony of Earnest B. Napier, P.E., page 13.

- i. To date, what is the total cost of the Pipeline Replacement Program?
- ii. What is the estimated total cost of the program from now until expected completion?
- iii. How does the total cost to date, and the expected cost from now until expected completion compare with the estimate of \$124 million provided for on page 13 of Mr. Napier's testimony?
- iv. Provide the annual capital investment amounts for each year to date for the PRP and the estimated capital investment amounts for each year from now until expected completion.

RESPONSE:

- i. Through July 31, 2017, the total cost of the PRP is approximately \$158,100,000.
- ii. The Company has been investing significant dollars into its PRP to proactively replace all known pipe referenced in Mr. Napier's testimony in Case No. 2009-00354. The Company utilizes a rolling five year plan to forecast capital spend. The Company anticipates spending approximately \$280,000,000 from October 1, 2017 through September 30, 2022 in its PRP.
- iii. The estimate referenced in Mr. Napier's testimony is no longer valid. As stated in response to 1.a.i, an additional 100 miles have been added to the program as well as the "Shelbyville Line" and the "Lake City Line".
- iv. Below is a table that summarizes the annual capital investment made per year since inception as well as the estimated capital spend per year through September 30, 2022. The Company's PRP is timed with its fiscal year which runs October 1st through September 30th. As stated in response to 1.b.ii, the Company utilizes a rolling five year plan to forecast capital spend. Please note that for the period October 1, 2016 through July 31, 2017, the Company has spent approximately \$30.3m and will reach its target of \$40.2m.

Fiscal Year	Approximate Investment
2011	\$3,700,000
2012	\$17,300,000
2013	\$17,200,000
2014	\$22,700,000
2015	\$36,900,000
2016	\$30,000,000
2017	\$40,200,000
2018	\$44,900,000
2019	\$51,100,000
2020	\$56,900,000
2021	\$63,200,000
2022	\$63,100,000

**ATMOS ENERGY CORPORATION
DATA REQUEST
CASE NO. 2017-00308**

DR Item 1(c)

**WITNESS: Mark A. Martin
Vice President of Rates and Regulatory Affairs
Atmos Energy Corporation, Kentucky/Midstates Division**

c. Have additional types or families of pipe, or segments thereof, been added to the Pipeline Replacement program?

- i. If so, provide the types of pipe, how many miles of each additional type were added, and at what cost, both to date and the estimated amount going forward.
- ii. If additional types or families of pipe have been added to the PRP, did the Commission explicitly approve such additions?
- iii. If additional types or families of pipe have been added to the PRP, on what basis were they added? (i.e. risk, leakage).
- iv. Provide all criteria relied upon in determining whether to add additional types or families of pipe.
- v. If Atmos has added only certain segments of additional types or families of pipe to be replaced, identify all criteria relied upon in determining whether to replace those segments (i.e. replacing them in the ordinary course of business, or replacing only those segments known to have leaks or suspected of leaking).

RESPONSE:

- c. No additional types or families of pipe, or segments thereof, have been added to the Company's PRP. The only segments added that were not addressed in Mr. Napier's testimony in Case No. 2009-00354 were the "Shelbyville Line" and the "Lake City Line" referenced in response to 1.a.i. Please note that per the Commission's Order in Case No. 2014-00274, KRS 278.509 does not limit pipe replacement programs to only bare steel replacement, and the Company may seek to add additional types or families of pipe, or segments thereof, in the future.

- c.i. The "Shelbyville Line" was approximately 8.66 miles of 8-inch pipe and its replacement was approximately \$21.7 million. The "Lake City Line" was approximately 4500 feet of 2-inch pipe as well as approximately 10,200 feet of 4-inch pipe. The cost of replacement was approximately \$5.7 million.
- c.ii. See responses to 1.a.i and 1.c.
- c.iii. Not applicable; however, the Company is aware of additional types or families of pipe that may need to be added to the PRP program in the future. Such examples would include, but are not limited to, Aldyl-A plastic pipe as well as unwired plastic pipe.
- c.iv. As stated in response to 1.c, no additional types or families of pipe have been added to the Company's PRP. The purpose of the Company's PRP is to replace aging infrastructure that has served it useful life as well as types of pipe that may pose a safety and/or a reliability risk.
- c.v. As stated in response to 1.c, the "Shelbyville Line" was added to the Company's PRP. The criteria for seeking the Staff Opinion was that the "Shelbyville Line" was over 50 years old, operated at maximum pressure, is a one-way feed from Texas Gas Transmission in Jefferson County to Lawrenceburg, serves approximately 11,000 customers in four counties, and contained a Grade 3 leak under Interstate 64. The criteria for the "Lake City Line" was that due to the fact that a regulator failed, the line was over pressurized. This caused the Company to file a Safety Related Incident Report. The Company chose to replace the line to alleviate any safety concerns.

**ATMOS ENERGY CORPORATION
DATA REQUEST
CASE NO. 2017-00308
DR Item 1(d)**

**WITNESS: Mark A. Martin
Vice President of Rates and Regulatory Affairs
Atmos Energy Corporation, Kentucky/Midstates Division**

d. Does Atmos still expect to complete replacement of the facilities within the original fifteen (15) year estimate?

i. If not, why not?

RESPONSE:

Yes, the Company is still committed to the original fifteen (15) years for the replacement of all known bare steel pipe and appurtenances.