

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of:

ELECTRONIC APPLICATION OF ATMOS)
ENERGY CORPORATION FOR AN ADJUSTMENT) CASE No.
OF RATES AND TARIFF MODIFICATIONS) 2017-00349

ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Data Requests to Atmos Energy Corp. [hereinafter "Atmos"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Atmos with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or

otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, state: the identity of the person by whom it was destroyed or

transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that the foregoing is a true and accurate copy of the same document being filed in paper medium with the Commission within two business days; that the electronic filing has been transmitted to the Commission on December 13, 2017; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 13th day of December, 2017.

A handwritten signature in blue ink, appearing to be the initials 'ME', is placed on a light blue rectangular background.

Assistant Attorney General

Electronic Application Of Atmos Energy Corp. for an Adjustment
of Rates and Tariff Modifications
Case No. 2017-00349
Attorney General's Supplemental Data Requests

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Electronic Application Of Atmos Energy Corp. for an Adjustment
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1. Refer to Schedule C-2.2 for all divisions. Update the base year data with actual monthly results through the latest month with data available. Provide the information in live spreadsheet format with all formulas intact.
2. Refer to Schedule C-2.2 for "Div 091 Only" for months in the Base Period.
 - a. Refer further to line 13 for account 8700 "Distribution-Operation supervision and engineering" showing a large increase in the monthly level of expenses starting in the first projected month of July 2017 from a run rate during the previous two months of just under \$230,000 per month to over \$260,000 per month thereafter. Describe all reasons for the projected increase and confirm whether or not the projected amount should be reduced and why.
 - b. Refer further to line 22 for account 9030 "Customer accounts-Customer records and collections expenses" showing a large increase in the monthly level of expenses starting in the first projected month of July 2017 from a run rate during the previous three months of around \$160,000 per month to around \$300,000 or more per month thereafter. Describe all reasons for the projected increase and confirm whether or not the projected amount should be reduced and why.
 - c. Refer further to line 30 for account 9230 "A&G-Outside services employed" showing a large increase in the monthly level of expenses starting in the first projected month of July 2017 from a run rate during the previous two months of \$13,000 per month or less to over \$34,000 or more per month thereafter. Describe all reasons for the projected increase and confirm whether or not the projected amount should be reduced and why.
 - d. Refer further to line 32 for account 9250 "A&G-Injuries and damages" showing a large increase in the monthly level of expenses starting in the first projected month of July 2017 from a run rate during the previous six months not exceeding \$28,000 per month to over \$50,000 per month thereafter. Describe all reasons for the projected increase and confirm whether or not the projected amount should be reduced and why.
3. Refer to Schedule C-2.2 for "Div 012 Only" for months in the Base Period.
 - a. Refer further to line 8 for account 9030 "Customer accounts-Customer records and collections expenses" showing a large increase in the monthly level of expenses starting in the first projected month of July 2017 from a run rate during the previous six months of around \$1,600,000 or less to over \$1,700,000 per month thereafter. Describe all

Electronic Application Of Atmos Energy Corp. for an Adjustment
of Rates and Tariff Modifications
Case No. 2017-00349
Attorney General's Supplemental Data Requests

reasons for the projected increase and confirm whether or not the projected amount should be reduced and why.

- b. Refer further to line 22 which shows the monthly allocation factor percentages to Kentucky. Describe all reasons why the actual allocation percentages during the first six months were only 4.50% to 4.76% while the projected percentages are depicted as 5.67% for all months thereafter and confirm whether or not the projected percentages should be reduced and why.
4. Refer to the response to AG 1-33 (g) referencing the inclusion of expense related to Director's Stock being included in Directors and Shareholder's expense recorded in general ledger account 9302.04113 and that being included in the revenue requirement. Provide the amount of expense related to Director's Stock included in the revenue requirement.
 5. Refer to the Attachment 3 to the response to AG 1- 20(b).
 - a. Provide a detailed analysis and a copy of all relevant documents in support of the proposed increase in labor expense from \$42.634 million in CY 2016 to \$48.939 million in the test year, including, but not limited to, increases in staffing levels and increases in wage and salary compensation.
 - b. Provide the calculations in support of the miscellaneous line item for both periods.
 - c. Provide a detailed analysis and a copy of all relevant documents in support of the proposed increase in benefits expense from \$14.535 million in the CY 2016 to \$15.660 million in the test year, including, but not limited to, increases in staffing levels, increases in specific benefits expenses, and increases in wages and salary compensation to the extent that benefits expense is variable based on compensation
 - d. Identify all expense components included in benefits expense and all expense components included in insurance expense.
 - e. Provide a detailed analysis and a copy of all relevant documents in support of the proposed increase in rent, maint., and utilities from \$5.622 million in the CY 2106 to \$6.154 million in the test year.
 - f. Provide a detailed analysis and a copy of all relevant documents in support of the proposed increase in information technologies expense from \$13.787 million in CY 2016 to \$20.563 million in the test year. The response indicates that there is a reduction in Div 012 that offsets

Electronic Application Of Atmos Energy Corp. for an Adjustment
of Rates and Tariff Modifications
Case No. 2017-00349
Attorney General's Supplemental Data Requests

- income taxes. Provide all assumptions and calculations and workpapers, including electronic spreadsheets in live format with all formulas intact.
10. Provide the excess deferred income taxes for each month by temporary difference and FERC account (190, 282, and 283) and on a 13 month average during the test year if the federal corporate income tax rate is reduced to 20% for all months during the test year. Provide the calculation of the amortization of the protected and unprotected excess deferred income taxes. Provide all assumptions and calculations, including electronic spreadsheets in live format and with all formulas intact.
 11. Provide a copy of all analyses performed by or on behalf of the Company that estimates the effect on the Company and/or the Kentucky division for earnings and/or ratemaking purposes if the federal income tax rate is reduced. Provide all assumptions and calculations, including electronic spreadsheets in live format and with all formulas intact.
 12. Provide a 10 year history of annual capital expenditures and capital additions by FERC plant account for the Kentucky Division. If available, further separate these amounts into safety, reliability, revenue generating (customer growth), government mandates (relocates), and other government mandates (identify), and any additional categories maintained by the Company to manage and monitor its capital expenditures.
 13. Refer to Attachment 1 to the response to AG 1-13.
 - a. Provide an expanded version of this schedule that includes monthly information in the same format for October 2011 through September 2013.
 - b. Provide a monthly history of capital additions and retirements for accounts 37601 and 37602 from October 2011 through September 2017.
 14. Refer to page 16 lines 13-21 of Mr. Waller's Direct Testimony.
 - a. Provide the PRP capital expenditure forecast for October 1, 2017 through September 30, 2018 by month and by category of project reflected in the test year gross plant in service. In addition, provide the related retirements from gross plant in service.
 - b. Provide the PRP capital expenditure forecast for October 1, 2018 through September 30, 2019 by month and by category of project. In addition, provide the related retirements from gross plant in service.

Electronic Application Of Atmos Energy Corp. for an Adjustment
of Rates and Tariff Modifications
Case No. 2017-00349
Attorney General's Supplemental Data Requests

15. Refer to the response to Staff 2-18(b). This response suggests that the Company included replacement of regulator and metering stations, network and other valves, and remote monitoring.
 - a. Identify all categories of cost that the Company has included in the PRP other than main-steel (bare).
 - b. Provide the capital costs included in the PRP each month since its inception for each category identified in response to part (a) of this question.
 - c. Provide the Company's authority relied on to include the cost in the PRP of each category identified in response to part (a) of this question.
16. Refer to the response to Staff 2-16. Provide a schedule for each fiscal year ending September 30, 2013 through September 30, 2017 showing budgeted and actual capital annual additions to gross plant (before retirements) separately for non-PRP and PRP capital additions and in total.
17. Since the PRP was implemented, please provide a monthly schedule of PRP capital expenditures and plant additions separated into mains-steel, mains-plastic, and each other FERC plant account and/or category. If the Company included mains-plastic in the PRP, please identify the case number in which the Company sought to modify the PRP to recover such costs, identify where the Company specifically informed the Commission that it sought to recover such costs, and identify where in any order the Commission specifically approved recovery of such costs.
18. Provide a copy of all accounting policies and procedures wherein eligibility for PRP recovery is set forth for account coding and ratemaking purposes.
19. Provide a copy of all internal memoranda, correspondence, and emails wherein the Company addressed an acceleration and/or expansion of the assets and/or costs recoverable through the PRP rider. If none, then describe the search the Company made of its records to determine that there are no responsive documents.
20. Describe all tools used by the Company to assess the condition of its mains, such as Optimain or other similar tools.
21. Refer to the response to Staff 2-11. Provide the annual funding from Atmos Kentucky for OTD project and UTD projects for each of the last 5 fiscal years.

Electronic Application Of Atmos Energy Corp. for an Adjustment
of Rates and Tariff Modifications
Case No. 2017-00349
Attorney General's Supplemental Data Requests

22. Identify the KPSC case number wherein Atmos depreciation rates based on the ELG procedure were first adopted.
23. Refer to the Company's depreciation rates adopted via settlement in Case No. 2015-00343.
 - a. Provide the workpapers used to develop the depreciation rates in that case in electronic live format and with all formulas intact.
 - b. Provide the depreciation rates that would result if the ASL procedure were used, assuming no other changes in parameters. Provide all workpapers used to develop the ASL rates in electronic live format and with all formulas intact.
 - c. Confirm that the present depreciation rates reflect no separate parameter for terminal net salvage. If so, separate the net salvage into terminal net salvage and interim net salvage.
24. Provide the monthly capitalization by component from January 2015 through the most recent month for which actual information is available and forecast for each month thereafter through March 2019. Provide all support for these monthly amounts, including monthly cash flow statements; short term debt by source; short term investments by type; retirements and issuances of long-term debt; and earnings, dividends, and equity issuances by type, e.g., public issuance, dividend reinvestment, compensation plans.
25. Confirm that the company has a defined benefit plan.
 - a. If so confirmed, state: (i) how many employees of Atmos Kentucky participate in the plan; and (ii) the expense included in the test year revenue requirement.
26. State whether Atmos Kentucky has a defined contribution plan (commonly referred to as a 401K).
 - a. If so confirmed, state: (i) the number of employees who participate both in this plan, and the defined benefit plan; (ii) whether Atmos makes employer contributions to the defined contribution plan, and if so, provide the expense included in the test year revenue requirement.
27. Describe all actions taken by Atmos to mitigate its health insurance premium cost in the last 3 years.

Electronic Application Of Atmos Energy Corp. for an Adjustment
of Rates and Tariff Modifications
Case No. 2017-00349
Attorney General's Supplemental Data Requests

- a. Provide the amount of health insurance premium cost (capital plus expense) and expense for each of the last five (5) calendar years, the base year, and the test year.
28. State whether any Atmos Kentucky employees and/or officers receive life insurance as a company benefit, in which: (i) Atmos pays all or any portion of the premium; and (ii) the benefit amounts are in excess of \$50,000.
- a. If so, provide the amount of the premium expense included in the test year revenue requirement.
29. Provide a copy of the most recent compensation studies performed by or on behalf of the Company that address wage and salary and benefits levels as well as annual increases in those levels, including any studies that address regional salaries and wages.
30. Refer to the response to Staff 1-65. Provide the same information for the test year.
31. Refer to the response to Staff 1-69.
- a. Provide a copy of each of the four SERP plans.
 - b. Provide the test year cost (capital plus expense), expense, and expense included in the revenue requirement for each of the four SERP plans. Provide the expense for each division allocated to Kentucky included in the test year revenue requirement.
 - c. Provide all reasons why the Company believes that the expense for each of the four SERP plans should be included in the revenue requirement.