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January 4, 2018

Gwen Pinson
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Atmos Energy Corporation:
Case No. 2017-00343

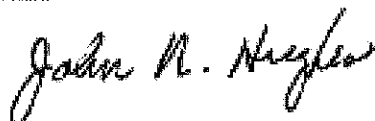
Dear Ms. Pinson:

Atmos Energy Corporation submits its supplemental responses to the Application Filing Requirement FR 16(7)(o) and the updated response to Staff Request 2-16. Atmos Energy certifies that the electronic version of this filing is a true and accurate copy of the filed paper copies; the paper copies of this filing will be submitted to the Commission; and that no party has been excused from electronic filing procedures.

Submitted by:

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And



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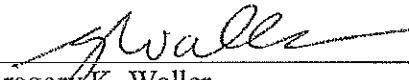
Attorneys for Atmos Energy Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF)
RATE APPLICATION OF) Case No. 2017-00349
ATMOS ENERGY CORPORATION)

AFFIDAVIT

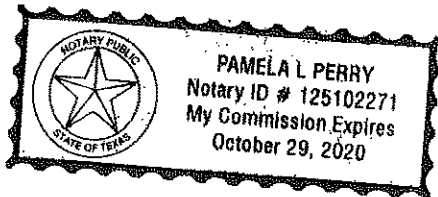
The Affiant, Gregory K. Waller, being duly sworn, deposes and states that the attached responses to Commission Staff's second request for information are true and correct to the best of his knowledge and belief.

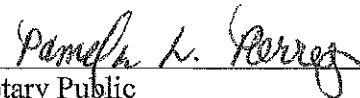


Gregory K. Waller

STATE OF Texas
COUNTY OF Dallas

SUBSCRIBED AND SWORN to before me by Gregory K. Waller on this the 21st day of November, 2017.





Notary Public
My Commission Expires: 10-29-20

Case No. 2017-00349
Atmos Energy Corporation, Kentucky Division
Forecasted Test Period Filing Requirements Set No.
Question No. MFR FR 16(7)(o) Supplemental 2
Page 1 of 1

SUPPLEMENTAL RESPONSE (01/04/2018)

REQUEST:

Section 16. Applications for General Adjustments of Existing Rates.

- (7) Each application requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application:
- (o) Complete monthly budget variance reports, with narrative explanations, for the twelve (12) months immediately prior to the base period, each month of the base period, and any subsequent months, as they become available;

SUPPLEMENTAL RESPONSE:

Please see supplemental attachment FR_16(7)(o)_Att1 for the monthly report for November 2017. Beginning in March 2015, Company management changed the reporting requirement for narrative explanations on internal monthly variance reports from a monthly basis to a quarterly basis. While variance information is still provided monthly, narrative explanations are now provided on a quarterly basis.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, FR_16(7)(o)_Att1_Suppl2 - Budget Variance Report November 2017.pdf, 2 Pages.

Respondent: Greg Waller



Atmos Energy Corporation
Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended November 30, 2017

| Financial Results in <i>SMM's</i> | MTD | | | | | YTD | | | | |
|------------------------------------|---------|---------|---------------|---------|---|---------|---------|---------------|---------|---|
| | Actual | Budget | Fav/ Unfav | % | | Actual | Budget | Fav/ Unfav | % | |
| Net Income | \$ 4.6 | \$ 3.8 | \$ 0.8 | 21.1% | ● | \$ 7.8 | \$ 6.2 | \$ 1.6 | 25.8% | ● |
| Gross Profit | 17.2 | 16.1 | 1.1 | 6.8% | ● | 30.9 | 29.5 | 1.4 | 4.7% | ● |
| O&M - Direct BU | 3.2 | 3.0 | (0.2) | (6.7%) | ● | 5.6 | 5.8 | 0.2 | 3.4% | ● |
| Cap Rate | 53.5% | 57.9% | (4.4%) | | ● | 55.3% | 57.9% | (2.6%) | | ● |
| Capital Spending Activities | | | | | | | | | | |
| Capital Spending | \$ 10.0 | \$ 11.1 | \$ (1.1) | (9.9%) | ● | \$ 28.3 | \$ 28.2 | \$ 0.1 | 0.4% | ● |
| Project Closings | \$ 5.4 | \$ 12.5 | \$ (7.1) | (56.8%) | ● | \$ 15.5 | \$ 23.9 | \$ (8.4) | (35.1%) | ● |

| Statistical Information and Indicators (In thousands except Headcount) | Act | Bud | Inc/Dec | % | | FY16 | Inc/Dec | % | |
|---|-------------------------------------|---------|-----------|--------|------|---------------|-----------|--------|------|
| | Customer Base Charge ⁽¹⁾ | 343 | 340 | 3 | 0.9% | ● | 338 | 5 | 1.5% |
| Employee Headcount ⁽²⁾ | 375 | 385 | (10) | -2.6% | ● | Sep-16 373 | 2 | 0.5% | ● |
| Direct O&M ⁽³⁾ per Customer Base Charge | \$ 16.3 | \$ 95.8 | \$ (79.5) | -83.0% | ● | \$ 111.5 | \$ (95.2) | -85.4% | ● |
| Direct O&M ⁽³⁾ per Headcount | \$ 14.9 | \$ 84.6 | \$ (69.7) | -82.4% | ● | \$ 101.0 | \$ (86.2) | -85.3% | ● |

(1) Customer Base Charge is rolling 12-month average.

(2) Employee headcount is as of period end.

(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

| Rate Base Information in <i>SMM's</i> (as of period indicated) | KY | TN | VA |
|--|----------|----------|---------|
| September 30, 2017 | \$ 335.8 | \$ 303.0 | \$ 47.6 |
| September 30, 2016 | 335.8 | 274.6 | 49.1 |
| September 30, 2015 | 288.1 | 247.9 | 41.3 |



Atmos Energy Corporation
Distribution Operations
Income Statement - Comparative
KY/Mid-States

For the Period Ended November 30, 2017

CASE NO. 2017-00349
FR 16(7)(o)
ATTACHMENT 1
(SUPPLEMENT 01-04-18)

| <i>in \$thousands</i> | MTD | | | | YTD | | | |
|--|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Actual | Budget | Fav/ Unfav | FY2017 | Actual | Budget | Fav/ Unfav | FY2017 |
| Gross profit: | | | | | | | | |
| Delivered gas | \$ 13,877 | \$ 13,067 | \$ 810 | \$ 11,642 | \$ 24,379 | \$ 23,680 | \$ 699 | \$ 20,976 |
| Transportation | 3,034 | 2,699 | 335 | 2,734 | 5,880 | 5,207 | 673 | 5,023 |
| Other revenue | 308 | 337 | (29) | 342 | 616 | 624 | (8) | 582 |
| Total gross profit | 17,219 | 16,103 | 1,116 | 14,718 | 30,875 | 29,511 | 1,364 | 26,581 |
| Operating expenses: | | | | | | | | |
| Direct BU O&M | 3,179 | 2,972 | (207) | 3,011 | 5,565 | 5,847 | 282 | 5,739 |
| Direct SSU Charges | 8 | 7 | (1) | - | 16 | 14 | (2) | - |
| SSU Allocations | 1,114 | 1,355 | 241 | 1,258 | 2,107 | 2,729 | 622 | 2,453 |
| Provision for bad debts | 68 | 71 | 3 | 57 | 120 | 129 | 9 | 103 |
| Total O&M expense | 4,369 | 4,405 | 36 | 4,326 | 7,808 | 8,719 | 911 | 8,295 |
| Depreciation & amortization | 2,929 | 2,921 | (8) | 2,707 | 5,854 | 5,827 | (27) | 5,390 |
| Taxes, other than income | 1,370 | 1,274 | (96) | 1,147 | 2,505 | 2,449 | (56) | 2,097 |
| Total operating expenses | 8,668 | 8,600 | (68) | 8,180 | 16,167 | 16,995 | 828 | 15,782 |
| Operating income | 8,551 | 7,503 | 1,048 | 6,538 | 14,708 | 12,516 | 2,192 | 10,799 |
| Other income (expense): | | | | | | | | |
| Interest, net | 1,259 | 1,398 | 139 | 1,236 | 2,581 | 2,785 | 204 | 2,455 |
| Miscellaneous income (expense), net | (87) | 108 | 195 | 128 | (404) | (118) | 286 | (109) |
| Total other income (expense) | 1,172 | 1,506 | 334 | 1,364 | 2,177 | 2,667 | 490 | 2,346 |
| Income (loss) before income taxes | 7,379 | 5,997 | 1,382 | 5,174 | 12,531 | 9,849 | 2,682 | 8,453 |
| Provision/(Benefit) for income taxes | 2,767 | 2,247 | 520 | 2,042 | 4,690 | 3,692 | 998 | 3,331 |
| Net income (loss) | \$ 4,612 | \$ 3,750 | \$ 862 | \$ 3,132 | \$ 7,841 | \$ 6,157 | \$ 1,684 | \$ 5,122 |

| Volumes (Mmcf) : | | | | | | | | |
|---------------------------------------|--------------|--------------|------------|--------------|---------------|---------------|--------------|---------------|
| Residential | 1,299 | 1,294 | 5 | 754 | 1,653 | 1,766 | (113) | 1,122 |
| Commercial | 895 | 819 | 76 | 578 | 1,352 | 1,360 | (8) | 1,047 |
| Industrial | 206 | 146 | 60 | 152 | 340 | 277 | 63 | 294 |
| Irrigation | - | - | 0 | - | - | - | 0 | - |
| Public Authorities | 74 | 83 | (9) | 52 | 107 | 134 | (27) | 86 |
| Unbilled | 972 | 771 | 201 | 758 | 1,609 | 1,306 | 303 | 947 |
| Total Gas Distribution volumes | 3,446 | 3,113 | 333 | 2,294 | 5,061 | 4,843 | 218 | 3,496 |
| Transportation volumes | 4,082 | 3,657 | 425 | 3,743 | 8,130 | 7,079 | 1,051 | 7,168 |
| Total Throughput | 7,528 | 6,770 | 758 | 6,037 | 13,191 | 11,922 | 1,269 | 10,664 |

Case No. 2017-00349
Atmos Energy Corporation, Kentucky Division
STAFF RFI Set No. 2
Question No. 2-16 Supplemental
Page 1 of 1

SUPPLEMENTAL RESPONSE (01/04/2018)

REQUEST:

Refer to the Waller Testimony, page 12, regarding the forecasted test period gross plant.

- a. Explain how Atmos determined the 12 percent growth rate for monthly plant additions as described in lines 21 through 22 of the testimony.
- b. For the three most recent historical fiscal years, 2015, 2016, and 2017, provide side-by-side monthly comparisons of budgeted additions to gross plant and actual additions to gross plant.
- c. For the available months of fiscal year 2018, provide a side-by-side monthly comparison of budgeted and actual additions to gross plant. Consider this a continuing request to be updated monthly.
- d. The forecasted test year in Atmos's most recent general rate case, Case No. 2015-00343, was the 12 months ended February 29, 2016. The 13-month average of total utility plant included in the net investment rate base proposed by Atmos in that proceeding was \$387,713,000. Provide Atmos's actual 13-month average of total utility plant for that period. Include the actual monthly amounts and the calculation of the 13-month average balance in the response.

SUPPLEMENTAL RESPONSE:

- c) Please see supplemental Attachment 1 for the FY 2018 capital expenditure budget versus actual updated for November 2017.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_2-16_Att1_Suppl - FY 2018 CapEx Spend Actual versus Budget with November 2017.xlsx, 3 Pages.

Respondent: Greg Waller

Atmos Energy-KY/Mid-States
Kentucky Division - 009DIV

| | Fiscal 2018 | Budget 2018 | | Fiscal 2018 | Budget 2018 | | Fiscal 2018 | Budget 2018 | | Fiscal 2018 | Budget 2018 | | Fiscal 2018 | Budget 2018 | |
|-------------------------------|-------------|-------------|-----------|-------------|-------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | October | October | | November | November | | December | December | | January | January | | February | February | |
| Growth | 383,778 | 386,141 | (2,363) | 405,498 | 288,657 | 116,841 | - | 224,045 | (224,045) | - | 262,811 | (262,811) | - | 271,796 | (271,796) |
| Equipment | 10,603 | - | 10,603 | 139,375 | 113,434 | 25,941 | - | 183,816 | (183,816) | - | 215,478 | (215,478) | - | 77,806 | (77,806) |
| Information Technology | 3,308 | 19,856 | (16,548) | 1,730 | 48,892 | (47,162) | - | - | 0 | - | - | 0 | - | 28,787 | (28,787) |
| Misc | (22,682) | - | (22,682) | (27,965) | - | (27,965) | - | - | 0 | - | - | 0 | - | - | 0 |
| Overhead | (91,112) | - | (91,112) | 26,320 | 0 | 26,320 | - | - | 0 | - | - | 0 | - | - | 0 |
| Pipeline Integrity Management | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 |
| Public Improvements | 131 | 134,772 | (134,641) | 29,405 | 291,175 | (261,770) | - | 237,070 | (237,070) | - | - | 0 | - | (92,357) | 92,357 |
| Structures | 68,144 | 56,200 | 11,944 | (41) | 11,000 | (11,041) | - | 12,500 | (12,500) | - | 20,000 | (20,000) | - | - | 0 |
| System Improvements | 1,232,111 | 1,877,401 | (645,290) | 1,805,631 | 1,951,130 | (145,499) | - | 650,556 | (650,556) | - | 736,544 | (736,544) | - | 38,960 | (38,960) |
| System Integrity | 6,376,111 | 3,610,909 | 2,765,202 | 4,091,295 | 4,259,129 | (167,833) | - | 3,715,661 | (3,715,661) | - | 3,858,891 | (3,858,891) | - | 4,160,678 | (4,160,678) |
| Vehicles | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 |
| NonGrowth | 7,576,614 | 5,699,138 | 1,877,475 | 6,065,749 | 6,674,759 | (609,010) | - | 4,799,602 | (4,799,602) | - | 4,830,913 | (4,830,913) | - | 4,213,874 | (4,213,874) |
| Capital | 7,960,392 | 6,085,279 | 1,875,112 | 6,471,248 | 6,963,417 | (492,169) | - | 5,023,647 | (5,023,647) | - | 5,093,723 | (5,093,723) | - | 4,485,670 | (4,485,670) |

| | Fiscal 2018 | Budget 2018 | Fiscal 2018 | Budget 2018 | Fiscal 2018 | Budget 2018 | Fiscal 2018 | Budget 2018 | Fiscal 2018 | Budget 2018 | Fiscal 2018 | Budget 2018 | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---|-----------|-------------|
| | March | March | April | April | May | May | June | June | July | July | | | | | |
| Growth | - | 251,869 | (251,869) | - | 244,926 | (244,926) | - | 242,770 | (242,770) | - | 227,427 | (227,427) | - | 206,231 | (206,231) |
| Equipment | - | 34,235 | (34,235) | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 |
| Information Technology | - | - | 0 | - | - | 0 | - | 48,319 | (48,319) | - | - | 0 | - | - | 0 |
| Misc | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 |
| Overhead | - | 0 | (0) | - | 0 | (0) | - | - | 0 | - | 0 | (0) | - | - | 0 |
| Pipeline Integrity Management | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 |
| Public Improvements | - | 189,611 | (189,611) | - | 174,997 | (174,997) | - | 102,271 | (102,271) | - | 100,989 | (100,989) | - | 205,959 | (205,959) |
| Structures | - | 3,500 | (3,500) | - | - | 0 | - | 24,300 | (24,300) | - | 24,300 | (24,300) | - | - | 0 |
| System Improvements | - | 240,405 | (240,405) | - | 663,614 | (663,614) | - | 483,125 | (483,125) | - | 586,442 | (586,442) | - | 1,446,997 | (1,446,997) |
| System Integrity | - | 5,458,746 | (5,458,746) | - | 5,639,439 | (5,639,439) | - | 6,927,178 | (6,927,178) | - | 5,947,009 | (5,947,009) | - | 6,543,552 | (6,543,552) |
| Vehicles | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 | - | - | 0 |
| NonGrowth | - | 5,926,497 | (5,926,497) | - | 6,478,050 | (6,478,050) | - | 7,585,193 | (7,585,193) | - | 6,658,740 | (6,658,740) | - | 8,196,509 | (8,196,509) |
| Capital | - | 6,178,366 | (6,178,366) | - | 6,722,976 | (6,722,976) | - | 7,827,963 | (7,827,963) | - | 6,886,167 | (6,886,167) | - | 8,402,739 | (8,402,739) |

| | Fiscal 2018 | | Budget 2018 | | Fiscal 2018 | | Budget 2018 | | Fiscal 2018 | | Budget 2018 | |
|-------------------------------|-------------|-----------|-------------|-----------|-------------|-------------|-------------|------------|--------------|------------|-------------|--|
| | August | August | September | September | Total Year | Total Year | Total Year | Total Year | Total Year | Total Year | | |
| Growth | - | 204,895 | (204,895) | - | 220,591 | (220,591) | 789,276 | 3,032,159 | (2,242,884) | | | |
| Equipment | - | - | 0 | - | - | 0 | 149,978 | 624,768 | (474,791) | | | |
| Information Technology | - | - | 0 | - | - | 0 | 5,038 | 145,854 | (140,816) | | | |
| Misc | - | - | 0 | - | - | 0 | (50,647) | - | (50,647) | | | |
| Overhead | - | - | 0 | - | - | 0 | (64,793) | - | (64,793) | | | |
| Pipeline Integrity Management | - | - | 0 | - | - | 0 | - | - | 0 | | | |
| Public Improvements | - | - | 0 | - | - | 0 | 29,536 | 1,344,487 | (1,314,951) | | | |
| Structures | - | - | 0 | - | - | 0 | 68,103 | 151,800 | (83,697) | | | |
| System Improvements | - | 1,141,477 | (1,141,477) | - | 1,824,087 | (1,824,087) | 3,037,742 | 11,640,738 | (8,602,995) | | | |
| System Integrity | - | 6,290,751 | (6,290,751) | - | 3,690,432 | (3,690,432) | 10,467,406 | 60,102,375 | (49,634,968) | | | |
| Vehicles | - | - | 0 | - | - | 0 | - | - | 0 | | | |
| NonGrowth | - | 7,432,228 | (7,432,228) | - | 5,514,519 | (5,514,519) | 13,642,363 | 74,010,022 | (60,367,659) | | | |
| Capital | - | 7,637,123 | (7,637,123) | - | 5,735,110 | (5,735,110) | 14,431,639 | 77,042,182 | (62,610,543) | | | |