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April 8, 2019

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

Re: Atmos Energy Corporation:  
Case No. 2018-00281

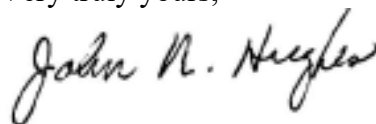
Dear Ms. Pinson:

Atmos Energy Corporation submits its response to the post hearing data request for the risk assessment study for prioritizing pipeline replacement (PHDR 1-12). A petition for confidentiality for the attachment to the response is also submitted.

I certify that the electronic filing is a complete and accurate copy of the original documents to be filed in this matter, which will be filed within two days of this submission and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

If you have any questions about this matter, please contact me.

Very truly yours,



John N. Hughes

And

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Attorneys for Atmos Energy  
Corporation

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

Application of Atmos Energy Corporation     )  
for an Adjustment of Rates                     ) Case No. 2018-00281  
and Tariff Modifications                         )

**PETITION FOR CONFIDENTIALITY**  
**FOR RESPONSE TO DR 1-12**  
**OF THE COMMISSION'S POST HEARING DATA REQUEST**

Atmos Energy Corporation (Atmos Energy), by counsel, petitions for an order granting confidential protection of certain responses to the data request dated April 5, 2019, pursuant to 807 KAR 5:001, Section 13 and KRS 61.878.

The Commission's data request (PHDR) 1-12 requests information about risk assessment studies and risk rankings for pipeline replacement in the states Atmos operates. The attached KY DIM (.pdf) model contains sensitive commercial information that can be associated with specific projects and pipeline locations. The DIM plan identifies threats to the Company's distribution systems and assigns a relative risk rating to facilities to help indicate elevated levels of risk. The disclosure of this information could allow competitors of Atmos Energy or others to determine pipeline locations, risk factors, high risk locations of facilities and other vulnerabilities of Atmos Energy's pipeline facilities.

KRS 61.878(1)(m)(1) protects "[p]ublic records the disclosure of which would have a reasonable likelihood of threatening the public safety by exposing

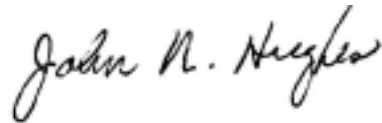
a vulnerability in preventing protecting against, mitigating, or responding to a terrorist act. . . ." The response provides information about the distribution system, which could be used to analyze vulnerable locations in Atmos Energy's system, which is a public utility critical system and which could therefore threaten public safety.

Public disclosure of the information would unnecessarily provide interested parties and Atmos Energy's competitors with access to exclusive information regarding physical plant information, which could unfairly harm Atmos Energy's competitive position in the marketplace as well as its security.

The information sought in the data request is commercial information that if disclosed could cause substantial harm to Atmos Energy and its customers. These portions of Atmos Energy's Response contain proprietary information that would aid competitors of Atmos Energy or others and such proprietary information is subject to protection from disclosure pursuant to Kentucky law. This information is not publicly available. It would be difficult or impossible for someone to discover this information from other sources. If this information were available to competitors in this form, they could use it to the competitive detriment of Atmos Energy. This information is not generally disclosed to non-management employees of Atmos Energy and is protected internally by the Company as proprietary information. The disclosure of this proprietary information would result in significant or irreparable competitive harm to Atmos Energy by providing its competitors with non-reciprocal competitive advantage. No public purpose is served by the disclosure of such information. Atmos Energy requests that the information be held confidentially indefinitely. The statutes cited above do not allow for disclosure at any time.

For these reasons, Atmos Energy requests that the items identified in this petition be treated as confidential in their entirety. Should the Commission determine that some or all the material is not to be given confidential protection, Atmos Energy requests a hearing prior to any public release of the information to preserve its rights to notice of the grounds for the denial and to preserve its right of appeal of the decision.

Submitted by:



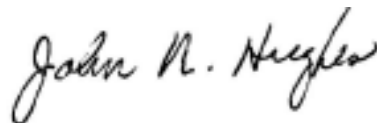
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Attorneys for Atmos Energy Corporation

Certification: I certify that is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing was transmitted to the Commission on April 8, 2019; that an original and one copy of the filing will be delivered to the Commission within two days; and that no party has been excused from participation by electronic means.



**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-12**  
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**REQUEST:**

Provide the separate risk assessment studies and risk rankings for pipeline replacement in each state in which Atmos operates, including the Kentucky/Mid-States division.

**RESPONSE:**

Although the Company does not have a quantitative 'risk-ranking for pipeline replacement projects' for Kentucky, it does have a 'risk assessment' for its distribution assets in the state. That risk assessment is the results of the Company's Distribution Integrity Management ("DIM") plan, which also incorporates the analysis of Subject Matter Experts ("SMEs") to evaluate risk and implement measures to address risk. Within the Company, SMEs include Operations, Engineering, and Compliance personnel who have broad, in-depth knowledge of our systems, design and operating practices and the regulations that are applicable to our facilities and work activities. The DIM plan is not designed to prioritize replacement, rather it is designed to facilitate integrity management through relative threat identification. Not all threats can be mitigated by replacement.

The DIM plan identifies threats to the Company's distribution systems and assigns a relative risk ranking, by integrity management regions, to the Company's distribution assets. In Kentucky, those integrity management regions are by cost center, not by pipeline segment.

The DIM plan for Kentucky is periodically reviewed by Commission pipeline safety personnel. Our DIM plan has been reviewed three times by the KY PSC, most recently on August 22, 2018. Further the DIM plan does not evaluate transmission assets.

Confidential Attachment 1 contains the KY DIM model. The DIM plan identifies threats to the Company's distribution systems and assigns a relative risk rating to facilities to help indicate elevated levels of risk. For example, there are bare steel assets that are listed as "medium" risk. This does not mean that those assets do not need to be replaced until they become "high" risk. Rather, they should be replaced before they become high risk. Also, when planning which projects to undertake, the Company cannot simply mechanically select the projects at the top of the list. It may involve too much work in a small area, or it may represent more work than the budget will allow. Additionally, some risk cannot be fully-mitigated, such as the risk indicated by "natural force."

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Additionally, it is important to note that the DIM plan does not assess the relative risk of Company transmission assets. Those assets are assessed for risk by the Company's engineers following the Pipeline Integrity Plan.

The DIM plan is a tool used to help illustrate the relative risk of Company distribution assets. After the capital expenditure budget has been determined, and mandatory projects have been planned, the Company must then balance its proposed distribution safety work along with transmission safety work and non-pipe safety work (for example, storage wells and above-ground facilities).

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, Staff Post-Hearing\_1-12\_Att1 - KY DIM 4-4-19 (CONFIDENTIAL).pdf, 1 Page.