

**JOHN N. HUGHES**  
*Attorney at Law*  
**Professional service Corporation**  
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**Frankfort, Kentucky 40601**

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April 12, 2019

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

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

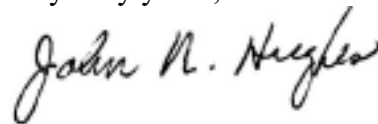
Dear Ms. Pinson:

Atmos Energy Corporation submits its completed responses to the Commission's Post Hearing Data Requests and responses to the Attorney General's Post Hearing Data Requests. Responses to the remaining items will be submitted on or before April 23.

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

Mark R. Hutchinson  
Wilson, Hutchinson and Littlepage  
611 Frederica St.  
Owensboro, KY 42301  
270 926 5011  
[randy@whplawfirm.com](mailto:randy@whplawfirm.com)

Attorneys for Atmos Energy  
Corporation

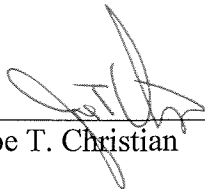
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF )  
RATE APPLICATION OF ) Case No. 2018-00281  
ATMOS ENERGY CORPORATION )


AFFIDAVIT

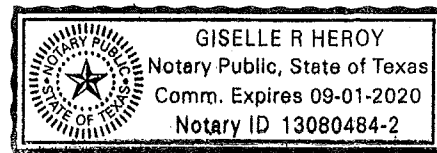
The Affiant, Joe T. Christian, being duly sworn, deposes and states that the attached responses to Commission Staff's first post-hearing request for information are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Joe T. Christian

STATE OF Texas  
COUNTY OF Dallas

SUBSCRIBED AND SWORN to before me by Joe T. Christian on this 12<sup>th</sup> day of April, 2019.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 9/1/2020

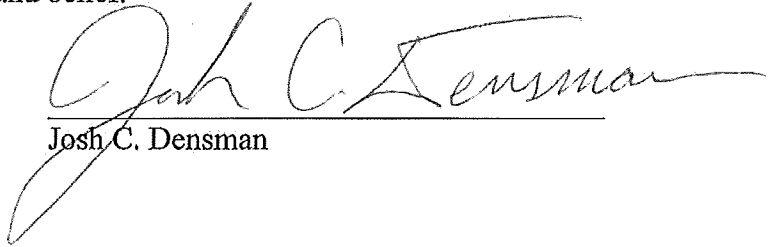


COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF )  
RATE APPLICATION OF ) Case No. 2018-00281  
ATMOS ENERGY CORPORATION )

AFFIDAVIT

The Affiant, Josh C. Densman, being duly sworn, deposes and states that the attached responses to Commission Staff's first post-hearing request for information are true and correct to the best of his knowledge and belief.

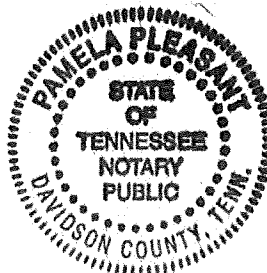
  
\_\_\_\_\_  
Josh C. Densman

STATE OF Tennessee  
COUNTY OF Williamson

SUBSCRIBED AND SWORN to before me by Josh C. Densman on this the 11th day of April, 2019.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: March 3, 2020



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF )  
RATE APPLICATION OF ) Case No. 2018-00281  
ATMOS ENERGY CORPORATION )

AFFIDAVIT

The Affiant, Gregory W. Smith, being duly sworn, deposes and states that the attached responses to Commission Staff's first post-hearing request for information are true and correct to the best of his knowledge and belief.

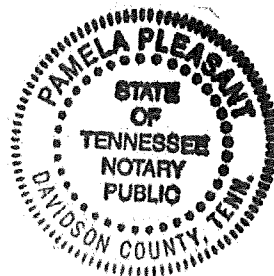
  
\_\_\_\_\_  
Gregory W. Smith

STATE OF Tennessee  
COUNTY OF Williamson

SUBSCRIBED AND SWORN to before me by Gregory W. Smith on this the 11<sup>th</sup> day of April, 2019.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: MARCH 3, 2020



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF )  
RATE APPLICATION OF ) Case No. 2018-00281  
ATMOS ENERGY CORPORATION )

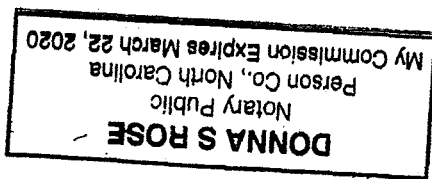
AFFIDAVIT

The Affiant, James H. Vander Weide, being duly sworn, deposes and states that the attached responses to Commission Staff's first post-hearing request for information are true and correct to the best of his knowledge and belief.

James H. Vander Weide  
James H. Vander Weide

STATE OF NC  
COUNTY OF Durham

SUBSCRIBED AND SWORN to before me by James H. Vander Weide on this the  
12 day of April, 2019.



Donna Rose  
Notary Public

My Commission Expires: 3.22.2020

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF )  
RATE APPLICATION OF ) Case No. 2018-00281  
ATMOS ENERGY CORPORATION )


AFFIDAVIT

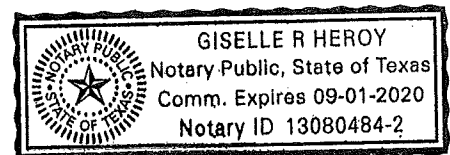
The Affiant, Gregory K. Waller, being duly sworn, deposes and states that the attached responses to Commission Staff's first post-hearing request for information are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Gregory K. Waller

STATE OF Texas  
COUNTY OF Dallas

SUBSCRIBED AND SWORN to before me by Gregory K. Waller on this the 11<sup>th</sup> day of April, 2019.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 9/1/2020



**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-01**  
**Page 1 of 1**

**REQUEST:**

Provide the number of Atmos staff that have been added to manage the larger capital project expenditures.

**RESPONSE:**

From an overall perspective, from 2010 to 2018, Atmos Energy has actually decreased the overall number of staff/headcount within the state of Kentucky including roles in service, construction, supervision, and operations support. However, we agree that several positions have been shifted towards the growing effort in support of capital investment and infrastructure modernization. These roles include additional roles related to contract inspection, project design, review of as-built drawings and records, and mapping of these facilities into our GIS system. Specifically, we have added:

- (2) Engineers
- (2) GIS Specialists
- (1) Project Specialist

Respondents: Greg Smith and Josh Densman

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-02**  
**Page 1 of 1**

**REQUEST:**

Provide the total monetary amount of each project listed in Atmos's response to Commission Staff's Third Request for Information (Staff's Third Request) Item 27, Attachment 1.

**RESPONSE:**

Please see Excel column O of Attachment 1 for total monetary amount of each project listed in the Company's response to Staff DR No. 3-27.

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, Staff Post-Hearing\_1-02\_Att1 - FY19 Capital Budget.xls, 11 Pages.

Respondents: Josh Densman and Greg Smith



Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total
2609.ANR.Bon Harbor	System Improvement	\$612,737	\$870,153	\$2,356,222	\$1,963,526	\$1,872,082	\$16,631	\$16,462	\$8,168	\$521	\$10,173	\$911,495	\$16,416	\$8,654,585
Paducah Mall & Creek HCA	System Integrity	\$235,316	\$164,166	\$165,105	\$791,554	\$341,758	\$420,223	\$853,517	\$883,419	\$857,697	\$892,514	\$869,207	\$732,543	\$7,207,019
PRP.2738.Springfield.Calvary	System Integrity	\$2,276,531	\$2,288,236	\$2,301,320	\$152,214	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,018,301
2739.Hwy53 to Waddy Line Ph 2	System Improvement	\$1,013,920	\$1,019,137	\$1,024,967	\$1,076,430	\$84,076	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,218,529
2609.Farm Taps.FY19	System Integrity	\$352,666	\$153,073	\$153,941	\$365,106	\$161,810	\$167,507	\$364,966	\$163,062	\$158,348	\$381,594	\$160,457	\$165,124	\$2,747,655
PRP.2637.Paducah Services	System Integrity	\$218,643	\$190,079	\$216,411	\$226,122	\$228,658	\$238,960	\$207,044	\$212,646	\$201,603	\$224,615	\$208,480	\$215,192	\$2,588,453
2734.Plano Rd to Scottsville Rd.	System Improvement	\$0	\$0	\$0	\$95,491	\$199,213	\$206,250	\$193,992	\$163,101	\$446,908	\$465,022	\$99,663	\$639,872	\$2,509,511
PRP.2636.Owensboro Services	System Integrity	\$159,317	\$160,096	\$160,968	\$164,681	\$168,863	\$174,579	\$164,621	\$170,119	\$165,390	\$171,791	\$167,506	\$172,197	\$2,000,127
PRP.2734.Bowling Green Service	System Integrity	\$154,523	\$155,280	\$156,126	\$159,732	\$163,792	\$169,344	\$159,674	\$165,012	\$160,420	\$166,636	\$162,475	\$167,026	\$1,940,040
2636.Non.Growth.Functional	System Integrity	\$132,424	\$105,993	\$98,317	\$122,788	\$102,516	\$139,111	\$166,058	\$119,066	\$150,646	\$167,833	\$125,829	\$158,238	\$1,588,819
PRP.2637.North 26th St.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$66,655	\$155,724	\$187,450	\$194,255	\$217,255	\$214,118	\$258,959	\$1,294,415
2734.Growth.Functional	Growth	\$97,009	\$97,470	\$97,986	\$100,183	\$102,657	\$106,039	\$100,147	\$103,400	\$100,602	\$104,389	\$101,854	\$104,638	\$1,216,373
WMR.2734.Endpoints.FY19	System Improvement	\$0	\$511,188	\$514,112	\$17,016	\$17,469	\$18,089	\$17,009	\$17,605	\$17,092	\$17,787	\$17,322	\$17,830	\$1,182,519
PRP.2636.Carter-Bosley Rd.FY19	System Integrity	\$222,064	\$183,303	\$136,950	\$128,050	\$138,840	\$155,244	\$176,318	\$0	\$0	\$0	\$0	\$0	\$1,140,769
2636.Growth.Functional	Growth	\$90,554	\$90,970	\$91,436	\$93,420	\$95,654	\$98,709	\$93,388	\$96,326	\$93,799	\$97,219	\$94,929	\$97,431	\$1,133,836
2734.BG Center Line Phase 3	System Integrity	\$0	\$0	\$0	\$121,324	\$124,557	\$128,978	\$121,277	\$125,529	\$121,872	\$126,822	\$123,508	\$127,129	\$1,120,995
2739.FY19 Shelbyville Farm Taps	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$181,107	\$187,455	\$181,994	\$189,386	\$184,438	\$189,845	\$1,114,225
2637.Non.Growth.Functional	System Integrity	\$37,850	\$37,982	\$38,140	\$39,028	\$39,834	\$41,126	\$140,993	\$145,817	\$141,590	\$147,272	\$143,502	\$147,542	\$1,100,676
2734.Non.Growth.Functional	System Integrity	\$86,248	\$61,332	\$63,010	\$70,649	\$65,975	\$97,451	\$111,869	\$108,326	\$90,399	\$121,854	\$110,142	\$103,552	\$1,090,806



Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total
2737.Houstonville Adyl A Replacement	System Integrity	\$0	\$0	\$0	\$0	\$0	\$146,076	\$69,585	\$72,010	\$95,517	\$171,668	\$0	\$0	\$554,855
2609.Grandview Well Workover.FY18	System Integrity	\$266,358	\$274,289	\$5,923	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$546,570
2637.KY Farm Taps	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$73,094	\$90,445	\$87,826	\$91,371	\$88,998	\$91,591	\$523,323
2609.Contacter Replacement	System Integrity	\$0	\$123,667	\$11,845	\$0	\$0	\$160,964	\$53,605	\$9,560	\$153,664	\$0	\$0	\$0	\$513,305
PRP.2636.Eastwood Dr.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$166,801	\$124,438	\$142,045	\$68,999	\$0	\$502,284
2738.Salama HPD Line Exposures	System Integrity	\$0	\$0	\$0	\$0	\$0	\$87,963	\$55,540	\$57,472	\$55,810	\$58,060	\$56,554	\$119,215	\$ 490,613
2634.Non.Growth.Functional	System Integrity	\$42,095	\$39,423	\$35,795	\$43,411	\$39,146	\$31,207	\$37,708	\$44,391	\$37,087	\$45,035	\$43,461	\$41,120	\$479,879
2638.Non.Growth.Functional	System Integrity	\$23,587	\$23,650	\$23,719	\$24,144	\$24,519	\$25,130	\$24,119	\$119,638	\$116,322	\$24,882	\$16,863	\$24,858	\$471,431
PRP.2735.Glasgow Services	System Integrity	\$36,027	\$36,202	\$36,399	\$37,235	\$38,178	\$39,466	\$37,222	\$38,461	\$37,395	\$38,837	\$37,872	\$38,932	\$452,226
2739.Shelbyville Low Pressure	System Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$16,736	\$66,224	\$64,311	\$66,900	\$75,047	\$131,897	\$421,114
Hodgenville Rd. Reinforcement	System Improvement	\$77,922	\$85,716	\$96,865	\$152,588	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$413,091
PRP.2734.Boatlanding Rd FY19	System Integrity	\$55,959	\$52,944	\$53,241	\$71,492	\$87,927	\$86,010	\$0	\$0	\$0	\$0	\$0	\$0	\$407,574
2739.Non.Growth.Functional	System Integrity	\$38,580	\$37,398	\$36,223	\$22,881	\$30,217	\$32,704	\$29,170	\$34,958	\$29,804	\$35,294	\$36,144	\$35,686	\$399,059
2739.Growth.Functional	Growth	\$31,777	\$31,926	\$32,092	\$25,087	\$33,602	\$34,695	\$32,791	\$33,842	\$32,938	\$34,162	\$33,343	\$34,224	\$390,480
2637.CalvertCity Purch Rebuild	System Integrity	\$181,036	\$189,741	\$17,768	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$388,545
PRP.2735.Milton Ave FY19 -	System Integrity	\$0	\$0	\$0	\$0	\$0	\$65,363	\$51,045	\$52,805	\$16,252	\$23,218	\$23,869	\$149,130	\$381,683
PRP.2734.N Main St FY19	System Integrity	\$51,639	\$52,806	\$57,842	\$39,815	\$42,102	\$136,826	\$0	\$0	\$0	\$0	\$0	\$0	\$381,029
2636.Leak.Functional	System Integrity	\$30,033	\$30,166	\$30,316	\$30,951	\$31,667	\$32,645	\$30,941	\$31,882	\$31,072	\$32,168	\$31,435	\$32,233	\$375,510

Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total
2635.Non.Growth.Functional	System Integrity	\$47,566	\$19,922	\$31,565	\$24,993	\$25,219	\$10,807	\$33,856	\$21,226	\$19,905	\$44,859	\$41,353	\$42,176	\$363,447
2738.Non.Growth.Functional	System Integrity	\$26,716	\$15,064	\$16,328	\$19,947	\$29,851	\$32,545	\$26,614	\$34,402	\$35,212	\$44,220	\$41,523	\$40,953	\$363,375
PRP.2735.Bowen Frazier FY19	System Integrity	\$42,734	\$49,518	\$52,164	\$59,470	\$114,165	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$318,052
Saloma Purchase Station.FY19	System Integrity	\$47,573	\$47,111	\$40,274	\$0	\$47,155	\$48,804	\$84,737	\$0	\$0	\$0	\$0	\$0	\$315,654
Summersville Purch Stat.FY19	System Integrity	\$47,573	\$91,737	\$85,151	\$45,945	\$0	\$0	\$38,809	\$0	\$0	\$0	\$0	\$0	\$309,215
2634.41A Phase II	Public Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$297,005	\$0	\$0	\$0	\$0	\$0	\$297,005
2736.Non.Growth.Functional	System Integrity	\$25,014	\$25,188	\$25,198	\$25,573	\$26,229	\$12,030	\$25,723	\$26,469	\$25,772	\$26,807	\$26,118	\$26,841	\$296,961
2734.Misc Growth Mains.FY19	Growth	\$23,473	\$23,581	\$23,702	\$24,219	\$24,801	\$25,596	\$24,211	\$24,975	\$24,317	\$25,208	\$24,612	\$25,273	\$293,967
2637.Leak.Functional	System Integrity	\$15,831	\$24,448	\$24,572	\$25,102	\$25,699	\$26,515	\$25,094	\$25,878	\$25,203	\$26,117	\$11,401	\$26,179	\$282,039
2739.Osprey Cove Reinforcement	System Improvement	\$0	\$0	\$0	\$0	\$0	\$70,164	\$37,645	\$38,944	\$46,967	\$84,361	\$0	\$0	\$278,082
2638.Mayfield Heater Replacement	System Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$121,278	\$150,822	\$0	\$272,100
2736. HWEA Inspection.FY19	Public Improvement	\$0	\$50,063	\$50,346	\$51,554	\$52,913	\$61,221	\$0	\$0	\$0	\$0	\$0	\$0	\$266,096
2734.Leak.Functional	System Integrity	\$21,818	\$13,433	\$12,391	\$22,477	\$22,990	\$23,692	\$22,469	\$23,144	\$22,564	\$23,350	\$22,824	\$23,418	\$254,571
2736.Leak.Functional	System Integrity	\$20,033	\$20,131	\$20,240	\$20,706	\$21,230	\$21,946	\$20,698	\$21,387	\$17,448	\$21,597	\$21,060	\$21,678	\$248,153

Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total
2734.Three Springs Rd TBS	System Improvement	\$0	\$0	\$0	\$16,379	\$60,659	\$76,097	\$73,979	\$6,505	\$0	\$0	\$0	\$0	\$ 233,619
2739.Martinrea Town Border	System Integrity	\$0	\$0	\$0	\$90,386	\$34,114	\$35,283	\$58,717	\$0	\$0	\$0	\$0	\$0	\$218,501
2735.Non.Growth.Functional	System Integrity	\$17,290	\$13,616	\$13,115	\$16,298	\$12,552	\$19,979	\$19,823	\$22,060	\$17,627	\$20,386	\$19,303	\$18,205	\$210,255
PRP.2636.Glenn Ct.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$104,463	\$103,496	\$0	\$0	\$0	\$0	\$0	\$207,959
2637.Un-tonable Pipe Replacement	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$17,943	\$40,629	\$34,718	\$36,125	\$35,183	\$36,213	\$200,811
2738.Greensburg Town Borders	System Improvement	\$0	\$0	\$0	\$0	\$0	\$63,715	\$33,678	\$34,846	\$56,997	\$0	\$0	\$0	\$ 189,236
PRP.2636.Ford & Robin Rd.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$114,469	\$74,132	\$0	\$0	\$0	\$0	\$188,601
2609.Wescor 6" Exposure	System Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,872	\$62,588	\$64,788	\$28,470	\$0	\$ 184,718
2637.Misc Growth Mains.FY19	Growth	\$14,688	\$14,763	\$14,846	\$15,201	\$15,601	\$16,147	\$15,195	\$15,721	\$15,269	\$15,880	\$15,471	\$15,898	\$184,680
2635.Dawson Springs System Tie Back	System Integrity	\$0	\$0	\$0	\$0	\$45,463	\$122,030	\$0	\$0	\$0	\$0	\$0	\$0	\$167,493
2634.Town Border 2 Replacement	System Improvement	\$0	\$0	\$0	\$66,122	\$0	\$99,398	\$0	\$0	\$0	\$0	\$0	\$0	\$ 165,520
Beechbend Rd. Reinforcement	System Improvement	\$60,630	\$72,652	\$25,510	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$158,792
2634.Growth.Functional	Growth	\$12,613	\$12,669	\$12,732	\$13,001	\$13,304	\$13,718	\$12,997	\$13,395	\$13,052	\$13,516	\$13,206	\$13,551	\$157,754
2737.Leak.Funct	System Integrity	\$11,665	\$11,721	\$11,783	\$12,047	\$12,344	\$12,750	\$12,042	\$12,433	\$12,097	\$12,552	\$12,247	\$12,602	\$146,283
2634.Leak.Functional	System Integrity	\$10,906	\$10,952	\$11,005	\$11,228	\$11,479	\$11,823	\$11,224	\$11,555	\$11,271	\$11,655	\$11,398	\$11,682	\$136,178
2637.Estes Lane Reinforcement	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,415	\$9,140	\$29,993	\$39,511	\$40,649	\$ 128,709









Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total
PRP.2636.Davies Dr CC	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$16,405	\$10,257	\$0	\$0	\$0	\$0	\$26,663
2636.Settles Rd.Tie Back	System Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,069	\$8,725	\$11,624	\$0	\$26,417
2739.Shelbyville 2019 equipment budget	Equipment	\$0	\$25,660	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,660
2634.Gas Tracker	Equipment	\$0	\$0	\$0	\$24,265	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,265
2636.Gas Tracker	Equipment	\$0	\$0	\$23,690	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,690
2638.63 FV Replacements	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,621	\$2,948	\$0	\$0	\$22,569
2736.Equipment.FY19	Equipment	\$0	\$21,718	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,718
2739.FY19.Shelbyville ERX	System Improvement	\$0	\$0	\$0	\$21,095	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,095
3302.KY.Desktops	Information Technology	\$0	\$0	\$20,653	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,653
2635.Equipment.FY19	Equipment	\$0	\$20,611	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,611
3302.KY.Laptops	Information Technology	\$0	\$0	\$19,505	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,505
2609.Stonebore Methanol Pumps	Equipment	\$0	\$17,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,667
2734.FY19.Structure	Structure	\$0	\$0	\$10,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,500
2637.Paducah Isolation Valves	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,946	\$6,049	\$0	\$9,995
2634.ERXs Purchase	System Integrity	\$0	\$0	\$0	\$9,342	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,342
2734.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,090	\$9,090
2636.Owensboro Warehouse Lighting	Structure	\$0	\$0	\$9,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,000
2636.Parking Lot Sealing	Structure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$8,000

Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total
2634.Crystal Gauges	Equipment	\$0	\$0	\$7,107	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,107
2609.Bypass Hoses	Equipment	\$0	\$7,067	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,067
2636.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,975	\$5,975
2634.Juno 2018	Equipment	\$0	\$5,889	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,889
2637.Blandville Rd Widening	System Integrity	\$0	\$0	\$0	\$0	\$0	\$18,136	\$25,514	\$26,396	(\$65,139)	\$0	\$0	\$0	\$4,907
PRP.2734.Holly Dr CC FY19 -	System Integrity	\$0	\$0	\$3,578	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,578
2638.Equipment FY19	Equipment	\$0	\$0	\$3,554	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,554
2634.Jamison Tracker 800	Equipment	\$0	\$2,591	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,591
2736.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,678	\$1,678
2634.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,398	\$1,398
2735.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,398	\$1,398
2634.Misc Growth Mains.FY19	Growth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2635.Misc Growth Mains.FY19	Growth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2635.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2637.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2638.Misc Growth Mains.FY19	Growth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271

Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total
2638.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2735.Misc Growth Mains.FY19	Growth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2736.Misc Growth Mains.FY19	Growth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2737.Misc Growth Mains.FY19	Growth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2737.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2738.Misc Growth Mains.FY19	Growth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2738.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
2739.Misc.SysInt.Mains.FY19	System Integrity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,271	\$1,271
		<b>\$9,007,621</b>	<b>\$10,016,878</b>	<b>\$10,129,031</b>	<b>\$8,366,063</b>	<b>\$6,257,139</b>	<b>\$5,439,840</b>	<b>\$6,399,530</b>	<b>\$6,273,172</b>	<b>\$6,252,513</b>	<b>\$6,591,902</b>	<b>\$6,183,627</b>	<b>\$5,797,285</b>	<b>\$86,714,602</b>

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-03**  
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**REQUEST:**

Explain whether any of the current or proposed construction projects are expansion projects designed to serve new Atmos customers.

**RESPONSE:**

The Company budgeted \$4,758,929 within the Growth budget category for FY 2019 as listed in responses to Staff 3-27 and 5-02. The majority of these dollars are within town-level 'functional' accounts. These functional accounts are dollars budgeted related to the installation of new service lines and/or new meters for that specific service area.

Additionally, the Company has projects labeled as 'system improvement' that are required to address existing capacity issues due to long-term incremental growth within existing systems. Please see Attachment 1 for a list of these projects.

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, Staff Post-Hearing\_1-03\_Att1 - FY 2019 Capital Budget.xlsx, 1 Page.

Respondent: Greg Smith

Atmos Energy Corporation, Kentucky Mid-States Division  
Kentucky Operations  
FY 2019 Capital Budget

Project Name	Budget Category	201810	201811	201812	201901	201902	201903	201904	201905	201906	201907	201908	201909	Grand Total	Purpose of Project	State	County
2739.Hwy53 to Waddy Line Ph 2	System Improvement	\$1,013,920	\$1,019,137	\$1,024,967	\$1,076,430	\$84,076	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,218,529	Project involves the replacement of approximately 25,000 feet of 6" high pressure steel main with 12" high pressure steel main. This project is for the general reinforcement of the Shelbyville and Lawrenceburg distribution system. Existing infrastructure to the east and south is currently operating at capacity.	KY	Shelby
Petty Rd to JC Kirby Cemetery	System Improvement	\$75,506	\$156,939	\$131,663	\$134,840	\$85,677	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$584,624	Install approximately 6,000 feet of 6 inch HDPE tieback that will make gas available to more high development area along Lovers Lane and help support the Cemetery Rd. area provide additional pressure in a low pressure area.	KY	Warren
2734.Three Springs Rd TBS	System Improvement	\$0	\$0	\$0	\$16,379	\$60,659	\$76,097	\$73,979	\$6,505	\$0	\$0	\$0	\$0	\$233,619	New Town Boarder Station (TBS) to help support additional growth out Cemetery Rd. area in East Bowling Green.	KY	Warren
2636.Boothfield Rd. Tie Back	System Improvement	\$26,752	\$10,365	\$16,334	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$53,451	Start at 4451 Hwy 60 and go 1,900 feet with 4 inch HDPE West to Boothfield Rd to support residential growth and tie two systems together to help prevent outages and gas supply needs. Boothfield Rd. is fed off a farm tap regulator station.	KY	Daviess

**Case No. 2018-00281**  
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**REQUEST:**

If Atmos does have expansion projects designed to serve new Atmos customers then provide a description of each of the current or proposed construction project(s).

**RESPONSE:**

Please see the Company's response and attachment to Staff Post-Hearing DR No. 1-03.

Respondent: Greg Smith

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-07**  
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**REQUEST:**

Identify and explain any changes in capital expenditures related to the pipeline replacement program (PRP) since the last rate case, Case No. 2017-00349, and provide a schedule of the estimated cost, by category, necessary to complete the PRP.

**RESPONSE:**

As noted within testimony, Atmos Energy is committed to completing the remaining 188 miles of bare steel replacement by 2027. We will manage within the specified \$28M budget and adjust the exact annual replacement miles based on the cost of individual projects scheduled for each year. As discussed during the hearing, the average cost/mile of replacement will vary based on the overall types of facilities being replaced (size, pressure, location). As noted in Attachment 1 to the Company's response to Staff Post-Hearing DR No. 1-03 in Case No. 2017-00349, the average cost per mile of replacement did rise significantly for 2017 and 2018 due to the fact that two large projects involved replacement of high pressure steel lines that did not follow public roads/utility easements and required the purchase of approximately 300 temporary and permanent private easements for construction.

- Marion-Fredonia (23 miles)
- Springfield-Calvary (15 miles)

These types of linear, cross-country pipe replacement projects drove up our average cost per mile metric close to \$1.2M/mile. However, work being performed this year (2019) is more typical of bare steel replacement within our distribution systems and is forecasted to return to a more typical \$600k/mile rate.

Since the beginning of our PRP program, our overall average cost of replacement has been approximately \$750k/mile. As noted previously, we do not have budget level estimates completed for projects more than 12-18 months prior to work being conducted. We do have bare steel projects identified within our five year plan; however, we utilize historical averages to forecast overall spend by region and work type for projects beyond this time line.

Respondent: Greg Smith

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-08**  
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**REQUEST:**

Provide the name of the collection agency that Atmos utilizes to collect repair costs from third party/contractors.

**RESPONSE:**

When required, the Company utilizes Professional Finance Company (PFC) for collection services.

Respondent: Josh Densman



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**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-09**  
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**REQUEST:**

Provide the fee that the collection agency charges Atmos to collect repair costs from third party/contractors.

**RESPONSE:**

The Company pays Professional Finance Company (PFC) a collection fee of 25% on amounts collected. No fee is paid to PFC if a collection attempt is unsuccessful.

Respondent: Josh Densman

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-10**  
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**REQUEST:**

Provide an organizational chart of the people at Atmos that make the decisions as to who is at fault for incidents of damage to underground utility facilities, including the job title.

**RESPONSE:**

First responders (Atmos Energy employees) investigate and gather information at the site of the damage when they are called to respond. This role/title varies based on the staff within each local operation. The information is documented and submitted on the Company's 'Third Party Damage Form' to the regional Damage Prevention Specialist/Technician. The information collected on this form is subsequently reviewed by a local Operations Supervisor who determines fault based on Kentucky statute KRS 367.4901 and 367.4917.

Employee ID	Job Title	Office Location	Reports to:	Supervisor Office Location	Supervisor Employee ID
24432	Damage Prevention Technician	Paducah	Operations Supervisor	Paducah	11270
11345	Damage Prevention Technician	Owensboro	Operations Supervisor	Owensboro	18462
11231	Damage Prevention Specialist	Owensboro	Operations Manager	Owensboro	11257
11270	Operations Supervisor	Paducah	Operations Manager	Paducah	11875
11355	Operations Supervisor	Paducah	Operations Manager	Paducah	11875
18462	Operations Supervisor	Owensboro	Operations Manager	Owensboro	11257
24858	Operations Supervisor	Shelbyville	Operations Manager	Bowling Green	11312
11141	Operations Supervisor	Campbellsville	Operations Manager	Bowling Green	11312
11439	Operations Supervisor	Danville	Operations Manager	Bowling Green	11312
11746	Operations Supervisor	Bowling Green	Operations Manager	Bowling Green	11312
10841	Operations Supervisor	Bowling Green	Operations Manager	Bowling Green	11312
15360	Operations Supervisor	Glasgow	Operations Manager	Bowling Green	11312
11330	Operations Supervisor	Owensboro	Operations Manager	Owensboro	11257
11233	Operations Supervisor	Hopkinsville	Operations Manager	Owensboro	11257
11346	Operations Supervisor	Madisonville / Princeton	Operations Manager	Owensboro	11257
11875	Operations Manager	Paducah	VP Operations	Owensboro	18798
11257	Operations Manager	Owensboro	VP Operations	Owensboro	18798
11312	Operations Manager	Bowling Green	VP Operations	Owensboro	18798
18798	VP Operations	Owensboro	President		

Respondents: Josh Densman and Greg Smith

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-11**  
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**REQUEST:**

Explain Atmos's specific process for determining who is at fault for incidents of damage to underground utility facilities.

**RESPONSE:**

Determination of fault is based on Kentucky Revised Statutes, specifically KRS 367.4901 through 367.4917 which covers Underground Damage Prevention Laws.

Respondent: Josh Densman

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-15**  
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**REQUEST:**

Explain whether Dr. James H. Vander Weide, Ph.D. (Dr. Vander Weide), used forecasted interest rates in the analysis filed in his testimony and rebuttal testimony.

**RESPONSE:**

Dr. Vander Weide used forecasted interest rates in: (1) his ex ante and his ex post risk premium analyses (see Vander Weide direct at p. 32 and p. 36; and (2) his historical and DCF-based CAPM methods (see Vander Weide direct at p. 39, Rebuttal Schedule 6, and p. 45, Rebuttal Schedule 8). Dr. Vander Weide did not use forecasted interest rates in his DCF analysis because interest rates are not an input variable in the DCF analysis.

Respondent: Dr. James Vander Weide

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-16**  
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**REQUEST:**

Explain whether Dr. Vander Weide's forecast in his testimony and rebuttal testimony included rate increases throughout 2019.

**RESPONSE:**

The interest rate forecasts used in Dr. Vander Weide's direct and rebuttal testimonies were the most recent Value Line and Energy Information Administration ("EIA") long-term interest rate forecasts available at the time of his direct and rebuttal testimonies. The June 1, 2018, and November 30, 2018, Value Line Selection & Opinion forecasts that Dr. Vander Weide refers to in his direct and rebuttal testimonies are higher for the period 2019 than for the period 2018. Also see Table 1 provided in the Company's response to Staff Post-Hearing DR No. 1-17.

Respondent: Dr. James Vander Weide

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**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-17**  
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**REQUEST:**

Due to the fact that there are no further projected interest rate increases for 2019, explain whether Dr. Vander Weide still supports the accuracy of his forecasts. Provide any updates to Dr. Vander Weide's cost of equity model.

**RESPONSE:**

Dr. Vander Weide does not agree with the premise of the data request that “there are no further projected interest rate increases for 2019.” For example, the most recent Value Line forecast data for long-term Treasury bond and AAA-Corporate bond rates, published in the March 1, 2019, Selection & Opinion, are shown in the following table.

**Table 1**  
**Value Line Forecast Interest Rates, Value Line Selection & Opinion, March 1, 2019**

	2018	2019	2020	2021	2022	2023
Aaa-rated Corporate	3.9%	4.2%	4.4%	4.4%	4.5%	4.5%
Long-term Treasury	3.1%	3.4%	3.6%	3.5%	3.5%	3.5%

Respondent: Dr. James Vander Weide

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**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-21**  
**Page 1 of 2**

**REQUEST:**

Refer to the Rebuttal Testimony of Dr. Vander Weide, Exhibit JVW-R-1, Rebuttal Schedule 1, page 1 of 2. Provide an update to Rebuttal Schedule 1 that includes the first quarter of 2019.

**RESPONSE:**

The results of a discounted cash flow analysis for the proxy natural gas utilities using three-month average stock prices through March 31, 2019, are shown in the following table.

**SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS  
FOR NATURAL GAS UTILITIES**

	Company	Most Recent Quarterly Dividend ( $d_0$ )	Stock Price ( $P_0$ )	Forecast of Future Earnings Growth	Market Cap \$ (Mil)	DCF Model Result
1	Atmos Energy	0.525	97.128	6.9%	11,865	9.3%
2	Chesapeake Utilities	0.370	88.604	8.3%	1,523	10.2%
3	New Jersey Resources	0.293	47.513	5.3%	4,414	8.1%
4	NiSource Inc.	0.200	26.747	6.5%	10,395	9.9%
5	Northwest Nat. Gas	0.475	62.537	6.7%	1,849	10.2%
6	ONE Gas, Inc.	0.500	83.713	6.7%	4,663	9.3%
7	South Jersey Inds.	0.288	29.895	8.0%	2,882	12.5%
8	Southwest Gas	0.520	80.062	7.2%	4,397	10.2%
9	Spire Inc.	0.593	77.785	4.9%	4,061	8.3%
10	UGI Corp.	0.260	54.587	7.2%	9,527	9.5%
11	Average					9.8%
12	Market-weighted Average					9.6%
13	Average, simple, market-weighted					9.7%

Notes:

$d_0$  = Most recent quarterly dividend

$d_1, d_2, d_3, d_4$  = Next four quarterly dividends, calculated by multiplying the last four quarterly dividends by the factor  $(1 + g)$

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- $P_0$  = Average of the monthly high and low stock prices during the three months ending March 2019 per Refinitiv (formerly known as Thomson Reuters)
- FC = Flotation cost allowance (five percent) as a percent of stock price
- g = Forecast of future earnings growth March 2019 from Refinitiv (formerly Thomson Reuters), Value Line, and Yahoo Finance
- k = Cost of equity using the quarterly version of the DCF model

$$k = \frac{d_1(1+k)^{75} + d_2(1+k)^{50} + d_3(1+k)^{25} + d_4 + g}{P_0(1-FC)}$$

Respondent: Dr. James Vander Weide



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**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-22**  
**Page 1 of 1**

**REQUEST:**

Refer to the Rebuttal Testimony of Dr. Vander Weide, page 10, Table 2. Provide an update to Table 2 that excludes flotation and size adjustments.

**RESPONSE:**

The requested information is shown in the following table.

**Rebuttal Table 2 Revised to Include Requested Information**

Method	Model Result	Model Result, no flotation, no historical CAPM size adjustment
DCF-Natural Gas Utilities	9.58%	9.44%
Ex Ante Risk Premium	10.79%	10.65%
Ex Post Risk Premium	10.05%	9.90%
CAPM - Historical	9.65%	9.40%
CAPM - DCF-based	12.19%	12.05%
Average	10.45%	10.29%

Respondent: Dr. James Vander Weide

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**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-23**  
**Page 1 of 1**

**REQUEST:**

Explain why the Non-Residential Interruptible Sales Class is being heavily subsidized in Mr. Raab's cost-of-service studies.

**RESPONSE:**

The Company does not agree that the Non-Residential Interruptible Sales Class is “being heavily subsidized”. The Non-Residential Interruptible Sales group, subject of this data request, is comprised of only 10 total customers consuming approximately 330,000 Mcf in the test year. A balanced view of class costs would warrant combining the Interruptible Sales group with the much larger Interruptible Transportation group. On a combined basis, the “Customer/Demand” study would produce an average class Rate of Return of 11.54%, a 1.45 Relative Rate of Return. By this viewpoint, the Non-Residential Interruptible Sales & Transportation classes are not being subsidized.

Please note that Mr. Raab sponsored the three versions of the Class Cost of Service studies (COSS) models filed in this Case; while it is Mr. Martin that is sponsoring the proposed rate design. As noted in Mr. Martin’s Direct Testimony (on pages 12-13), in the design of proposed customer charges and distribution rates, Mr. Raab’s CCOS was only one point of reference; other factors were considered.

Mr. Raab’s Direct Testimony explains that the filing of multiple COSS complies with a previous request by the Kentucky Public Service Commission (on page 3). Mr. Raab also notes his preference for the “Customer/Demand” study among the three he filed.

Respondents: Mark Martin and Paul Raab

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**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-24**  
**Page 1 of 1**

**REQUEST:**

Explain why only 10.72 percent of the average increase needed for an equalized return is allocated to the Non-Residential Interruptible Sales Class.

**RESPONSE:**

As noted in Mr. Martin's Direct Testimony (on pages 12-13), in the design of proposed customer charges and distribution rates, Mr. Raab's CCOS was only one point of reference; other factors were considered.

Also note that Atmos Energy's rate structure applies the same customer charges and distribution rates for both the Interruptible Sales and Interruptible Transportation classes. Any adjustment to these rates will affect both of those classes. The Interruptible Sales Class consists of only 10 customers consuming approximately 330,000 Mcf in the test year. The Interruptible Transportation Class consists of 122 customers consuming approximately 7,560,000 Mcf in the Test Year. A balanced view of class costs would warrant combining the Interruptible Sales group with the much larger Interruptible Transportation group.

The Company's proposed rates did not dwell on the rather small set of customers in isolation in the Non-Residential Interruptible Sales group, but rather the total Interruptible Sales and Transportation classes. And, the Company's overall recommendation sought a generally uniform percentage increase to current rates (excluding gas costs) for all classes.

Respondent: Mark Martin

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-25**  
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**REQUEST:**

Explain whether Atmos's residential class is contributing to the subsidization of the Non-Residential Interruptible Sales Class.

**RESPONSE:**

The Company does not believe the Residential Class is contributing to “the subsidization of the Non-Residential Interruptible Sales Class”. Note that the Non-Residential Interruptible Sales Class consists of only 10 customers. A balanced view of class costs would warrant combining the Interruptible Sales group with the much larger Interruptible Transportation group. With that context, it is debatable whether Interruptible services are being subsidized. For example, if the Customer/Demand study is used as a reference, Atmos Energy's residential class is being subsidized and therefore not contributing to the subsidization of any other classes.

Further, based on the difference between the “Average Revenue Increase Indicated” and the “Proposed Revenue Increase,” shown on Exhibit PHR-5, Page 2 of 2, the Residential Sales class is, on average, not providing a subsidy to any class but is instead being subsidized by other classes.

Respondents: Paul Raab and Mark Martin

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-26**  
**Page 1 of 1**

**REQUEST:**

If Atmos's residential class is contributing to the subsidization of the Non-Residential Interruptible Sales Class then provide a revised Exhibit PHR-5 and a Revised Schedule M in which the amount of the residential subsidy to the Non-Residential Interruptible Sales Class is removed.

**RESPONSE:**

As indicated in the Company's response to Staff's Post-Hearing DR No. 1-25, the Company does not believe the Residential Class is contributing to the subsidization of the 10-customer Non-Residential Interruptible Sales Class.

Based on the difference between the "Average Revenue Increase Indicated" and the "Proposed Revenue Increase," shown on Exhibit PHR-5, Page 2 of 2, the Residential Sales class is, on average, not providing a subsidy to any class but is instead being subsidized by other classes. Therefore, there is no indicated subsidy on Exhibit PHR-5 to remove.

Respondents: Paul Raab and Mark Martin

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-27**  
**Page 1 of 1**

**REQUEST:**

If the Commission alters the revenue requirement, provide Atmos's proposal for how to allocate any revenue requirement difference.

**RESPONSE:**

If the Commission were to alter the revenue requirement, Atmos Energy's would propose a pro-rata adjustment to the rates the Company has proposed for each customer class.

Respondent: Mark Martin

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-28**  
**Page 1 of 1**

**REQUEST:**

Provide the number of leaks that Atmos has detected in each type of pipe (e.g., bare steel, low-pressure systems, Aldyl-A, unlocatable plastic pipe, etc.) in the last year and identify the portion of those leaks that were caused by an excavator striking the line for each type of pipe.

**RESPONSE:**

Per Greg Smith's testimony during the hearing, this request is difficult to compile due to the fact that the specific pipe type is not formally documented until the leak repair is completed (excavated and inspected). Comparing our 2018 leak repairs to our system maps and pipe materials, it appears that:

- In 2018, 130 leak repairs were made on Bare Steel. Of those, three were caused by third party damage.
- In 2018, 63 leak repairs were made on Aldyl-A/Unlocatable plastic. Of those, 20 were caused by third party damage.
- In 2018, 25 leak repairs were made on Low Pressure systems. Of those, one was caused by third party damage.

Atmos Energy has reported that there were 420 active underground leaks on record January 1, 2019. Based on estimates of location and pipe materials:

- 125 of those leaks appear to be on Bare Steel pipe
- 38 of those leaks appear to be on Aldyl-A/Unlocatable plastic
- 42 of those leaks appear to be on LP systems
- The remaining leaks appear to not be on Bare Steel; Aldyl-A/Unlocatable plastic; or LP systems

This means that approximately 10% of Atmos Energy's distribution system in Kentucky account for 50% of all active underground leaks, reflecting the urgency for proactive replacement.

Respondent: Greg Smith

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-31**  
**Page 1 of 1**

**REQUEST:**

Refer to Atmos's response to the Attorney General's First Request for Information, Item 53.

- a. Identify the states in which the Supplemental Executive Retirement Program (SERP) expense is allowed for ratemaking purposes.
- b. Provide the amount of SERP expense included in Atmos's forecasted test year.

**RESPONSE:**

- a. SERP expense is allowed for ratemaking purposes in every state Atmos Energy serves with the exception of a partial exclusion in Texas.
- b. Kentucky-allocated SERP expense included in the forecasted test year is approximately \$148,405.

Respondent: Greg Waller



**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-32**  
**Page 1 of 1**

**REQUEST:**

Provide an update to Atmos's revenue requirement, and any affected schedules based upon any changes that Atmos has identified to date in this proceeding.

**RESPONSE:**

The updated revenue requirement and any affected schedules based upon any changes identified by Atmos Energy to date in this proceeding have been incorporated into Exhibit GKW-R-1 presented in Greg Waller's rebuttal testimony.

Respondent: Greg Waller

**Case No. 2018-00281**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff Post-Hearing DR Set No. 1**  
**Question No. 1-33**  
**Page 1 of 1**

**REQUEST:**

Refer to Commission Staff's Second Request for Information, Item 3, and provide an updated table. Also, include what Atmos's average annual bill would be under the proposed rates.

**RESPONSE:**

Please see Attachment 1.

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, Staff Post-Hearing\_1-33\_Att1 - KY LDC Comparison.xlsx, 1 Page.

Respondent: Mark Martin

Current Residential Rates

	Distribution			Average	Annual	Monthly	Annual	Monthly	Annual	Average	
	Charge	GCA	Total	Annual	Variable	Customer	Customer	PRP	PRP	Annual	
	<u>Per Mcf</u>	<u>Per Mcf</u>	<u>Per Mcf</u>	<u>Mcf</u>	<u>Charges</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Bill</u>	
Atmos Energy	\$ 1.73	\$ 5.16	\$ 6.89	64	\$ 440.65	\$ 17.50	\$ 210.00	\$ -	\$ -	\$ 650.65	1
Columbia	\$ 3.35	\$ 4.27	\$ 7.61	64	\$ 487.21	\$ 16.00	\$ 192.00	\$ 3.60	\$ 43.20	\$ 722.41	3
Delta	\$ 4.32	\$ 4.91	\$ 9.23	64	\$ 590.71	\$ 20.90	\$ 250.80	\$ (6.26)	\$ (75.12)	\$ 766.39	5
Duke	\$ 4.69	\$ 4.18	\$ 8.87	64	\$ 567.94	\$ 16.50	\$ 198.00	\$ -	\$ -	\$ 765.94	4
LG&E	\$ 3.63	\$ 4.21	\$ 7.84	64	\$ 501.79	\$ 16.35	\$ 196.20	\$ 0.60	\$ 7.20	\$ 705.19	2
Proposed Rates-2018-00281	\$ 1.99	\$ 5.16	\$ 7.15	64	\$ 457.61	\$ 20.50	\$ 246.00	\$ -	\$ -	\$ 703.61	1
Columbia	\$ 3.35	\$ 4.27	\$ 7.61	64	\$ 487.21	\$ 16.00	\$ 192.00	\$ 3.60	\$ 43.20	\$ 722.41	3
Delta	\$ 4.32	\$ 4.91	\$ 9.23	64	\$ 590.71	\$ 20.90	\$ 250.80	\$ (6.26)	\$ (75.12)	\$ 766.39	5
Duke	\$ 4.69	\$ 4.18	\$ 8.87	64	\$ 567.94	\$ 16.50	\$ 198.00	\$ -	\$ -	\$ 765.94	4
LG&E	\$ 3.63	\$ 4.21	\$ 7.84	64	\$ 501.79	\$ 16.35	\$ 196.20	\$ 0.60	\$ 7.20	\$ 705.19	2

An order for LG&E is pending in Case No. 2018-00295.