JOHN N. HUGHES
Attorney at Law
7106 Frankfort Rd.
Versailles, KY 40383

Telephone: (502) 223-7033 **Email: jnhughes@johnnhughespsc.com**

July 31, 2023

Linda C. Bridwell
PSC Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

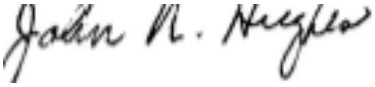
Re: Atmos Energy Corporation
Case No. 2023-00231

Dear Ms. Bridwell:

Atmos Energy Corporation submits its application to establish PRP Rider Rates for the twelve-month period commencing October 1, 2023 and a petition for confidentiality. I certify that the electronic documents are true and correct copies of the original documents.

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

Submitted By:



John N. Hughes
7106 Frankfort Rd.
Versailles, KY 40383
502-223-7033
jnhughes@johnnhughespsc.com

And

L. Allyson Honaker
Brittany Hayes Koenig
Honaker Law Office
1795 Alysheba Way, Suite 6202
Lexington, KY 40509
(859) 368-8803
allyson@hloky.com
brittany@hloky.com

Attorneys for Atmos Energy Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PRP RIDER RATES FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2023	))))	CASE NO. 2023-00231

APPLICATION

Atmos Energy Corporation ("Atmos Energy" or "Company"), by counsel, applies to the Kentucky Public Service Commission ("Commission"), for approval to establish PRP Rider Rates for the 12-month period beginning October 1, 2023. In support of this Application, Company states as follows:

1. The Company is an operating public utility engaged in the business of supplying natural gas to the public in numerous cities, towns and communities in western and south central Kentucky. Correspondence and communications with respect to this Application should be directed to:

Brannon C. Taylor
Atmos Energy Corporation,
810 Crescent Centre Dr. STE 600,
Franklin, TN 37067
(615) 771-8330 Ph
(615) 771-8301 fax
(brannon.taylor@atmosenergy.com)

L. Allyson Honaker
Brittany Hayes Koenig
Honaker Law Office
1795 Alysheba Way, Suite 6202
Lexington, Kentucky 40509
(859) 368-8803 Ph
(allyson@hloky.com)
(brittany@hloky.com)

And

John N. Hughes
7106 Frankfort Rd.
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(502) 223-7033 Ph
(jnhughes@johnnhughespsc.com)

2. The Company is a corporation duly qualified under the laws of the Commonwealth of Kentucky to carry on its business in the Commonwealth. A certified copy of Company's restated Articles of Incorporation, as amended, together with all amendments thereto, is on file in the records of the Commission and the same are incorporated herein by reference. See Case No. 2021-00214. The Company was initially incorporated in Texas on February 6, 1981 and in Virginia on July 21, 1997. Applicant attests that it is a foreign corporation in good standing to operate in Kentucky. A certificate of authorization for Atmos Energy Corporation is included in this application. Atmos Energy does not operate under an assumed name in Kentucky.

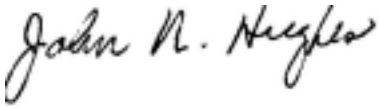
3. The Company is filing this Application in compliance with the Commission's Order in Case No. 2021-00214, Case No. 2020-00229, and Case No. 2022-00222. This Application and the attached supporting exhibits contain the facts on which the relief being requested is based, a request for the relief sought and references to the particular provisions of law requiring or providing for the relief sought as specified in 807 KAR 5:001. In addition, the Company has included information on one of its PRP projects which will replace bare steel pipe between Lancaster, Kentucky and Stanford, Kentucky. This information is being included to inform the Commission of the size and scope of that project since it is a larger project than is normally included in Atmos Energy's PRP filings. However, the Company believes that this project is

within the parameters of the PRP and no additional filings would be required once the PRP Application is approved.

4. A petition for confidentiality for Exhibits TRA-1 through TRA-4 and JJM-1 is being filed with the Application.

WHEREFORE, the Company requests the Commission to approve the attached PRP Rider Rates for the 12-month period beginning October 1, 2023.

Respectfully submitted this 31st day of July, 2023.



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HONAKER LAW OFFICE
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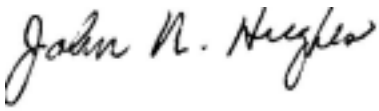
CERTIFICATE

In accordance with the requirements of 807 KAR 5:001, I certify that this electronic filing is a true and accurate copy of the documents filed that the electronic filing has been transmitted to the Commission on July 31st, 2023 and that no party has been excused from participation by electronic means.



John N. Hughes

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PRP RIDER RATES FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2023	))))	CASE NO. 2023-00231

AFFIDAVIT

The Affiant, Brannon C. Taylor, being duly sworn, deposes and states that the statements contained in the attached Application are true and correct to the best of my knowledge and belief.

Brannon C. Taylor

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

SUBSCRIBED AND SWORN to before me by Brannon C. Taylor on this the 20th day of July, 2023.

Notary Public
My Commission Expires: 12/4/25

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Authorization

Authentication number: 294454
Visit https://web.sos.ky.gov/ftshow/certvalidate.aspx to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

ATMOS ENERGY CORPORATION

, a corporation organized under the laws of the state of Texas, is authorized to transact business in the Commonwealth of Kentucky, and received the authority to transact business in Kentucky on December 14, 1987.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that an application for certificate of withdrawal has not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 20th day of July, 2023, in the 232nd year of the Commonwealth.

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
294454/0237484

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Application Of Atmos Energy Corporation	)	
To Establish PRP Rider Rates for the	)	Case No. 2023-00231
Twelve Month Period Beginning	)	
October 1, 2023	)	

PETITION FOR CONFIDENTIALITY

Atmos Energy Corporation (Atmos) petitions the Commission ("Commission"), pursuant to 807 KAR 5:001, Section 13, and all other applicable law, for confidential treatment of certain information submitted to the Commission as part of its Application in this proceeding. The information submitted consists of maps of the Atmos gas distribution system and personal identifying and contact information for a former Atmos employee as well as Company information including its EIN.

KRS Chapter 61 requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from public disclosure of the information relevant to this petition are provided in KRS 61.878(1)(m). Under the Kentucky Open Records Act, the Commission is entitled to withhold from public disclosure information disclosed to it to the extent that open disclosure 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 and limited to: . . ,

(f) infrastructure records that expose a vulnerability referred to in this subparagraph through the disclosure of the location, configuration, or security of critical

systems, including public utility critical systems. These critical systems shall include but not be limited to information technology, communications, electrical, fire suppression, ventilation, water, wastewater, sewage, and **gas systems** and;

(g) The following records when their disclosure will expose a vulnerability referred to in this subparagraph: detailed drawings, schematics, **maps**, or specifications of structural elements, floor plans, and operating, utility, or security systems of any building or facility owned, occupied, leased, or maintained by a public agency."

This Commission has recognized that maps "are infrastructure records that disclose the location, configuration, or security of public utility systems" and therefore, should be treated as confidential. See Case No. 2014-00166 *In the Matter of 2104 Integrated Resource Plan of Big Rivers Electric Corporation,* KY PSC Order, p. 7 (August 26, 2014).1

In addition to the maps provided in Atmos' Application, Atmos is also including at Exhibit JJM-1, the PLR the Company received from the Internal Revenue Service ("IRS"). The PLR contained contact information for Atmos's employee that requested the PLR from the IRS. This is personal identifying information that would violate this employee's privacy if disclosed to the public. This personal information is protected under KRS 61.878(1)(a). The information also includes the Employer Identification Number of Atmos and other company information.

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1 *See also,* Case No. 2017-00119, *In the Matter of: Louisville Gas & Electric Company Alleged Failure to Comply with KRS 278.495, 807 KAR 5:022, and 49 C.F.R. Part 192,* Order, (Ky. P.S.C., Dec. 28, 2017); Case No. 2021-00190, *In the Matter of: Electronic Application of Duke Energy Kentucky, Inc. for 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approval, Waivers and Relief,* Order, (Ky. P.S.C. Apr. 14, 2022).

The information contained in the specified documents may provide detailed information about Atmos's distribution system and the location of critical components; as such, the disclosure of which could threaten the public safety generally and provide sensitive information relevant to the security against terroristic events. Atmos petitions the Commission to classify as confidential and protect from public disclosure the maps provided in Exhibits TRA-1 through TRA-4 as part of Atmos witness Ryan Austin's direct testimony. Furthermore, the information also contains personal information that would be a clear invasion of personal privacy if released to the public. Atmos petitions the Commission to also classify the portions of JJM-1 identified in the confidential filing as confidential and protect the information from public disclosure.

The information for which the Company is seeking confidential treatment is not known outside of the Company, is not disseminated within the Company except to those employees with a legitimate business need to know and act upon the information and is generally recognized as confidential and proprietary information in the energy industry. If the Commission disagrees with this request for confidential protection, Atmos requests that it hold an evidentiary hearing (a) to protect the Company's due process rights and (b) to supply the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., Ky. App., 642 S.W.2d 591, 592-94 (1982).

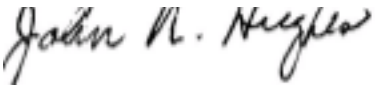
Atmos is requesting confidential protection for the entirety of the maps being filed with its Application. Therefore, Atmos is not filing a redacted version of the information in the public filing. In addition, the copy of the maps being filed under seal with the Commission does not contain any highlighted information. The version of JJM-1 that is

being filed under seal has the information highlighted for which confidential treatment is being requested.

Atmos requests that the information referenced herein be kept confidential for an indefinite period.

For these reasons, Atmos petitions the Commission to treat as confidential, indefinitely, the information referenced in this petition in its entirety.

Submitted By:



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Attorneys for Atmos Energy Corporation

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY	**)**	
CORPORATION TO ESTABLISH PRP	**)**	
RIDER RATES FOR THE TWELVE	**)**	**Case No. 2023-00231**
MONTH PERIOD BEGINNING	**)**	
OCTOBER 1, 2023	**)**	

TESTIMONY OF BRANNON C. TAYLOR

INDEX TO THE DIRECT TESTIMONY
OF BRANNON C TAYLOR, WITNESS FOR
ATMOS ENERGY CORPORATION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Brannon C. Taylor. I am Vice President - Rates and Regulatory Affairs for the Kentucky/Mid-States Division of Atmos Energy Corporation ("Atmos Energy" or the "Company"). My business address is 810 Crescent Centre Dr. Ste 600, Franklin, Tennessee, 37067.

Q. PLEASE BRIEFLY DESCRIBE YOUR CURRENT RESPONSIBILITIES, AND PROFESSIONAL AND EDUCATIONAL BACKGROUND.

A. I am responsible for all rate and regulatory matters in Kentucky, Tennessee, and Virginia. I graduated from Vanderbilt University in 2009 with a degree in Political Science. I also graduated from Emory University in 2012 with a law degree and am a licensed attorney. I have been with Atmos Energy Corporation since September 2012. I have served in a variety of positions of increasing responsibility in both the Corporate Rates and Regulatory Affairs group as well as the Kentucky/Mid-States Division prior to assuming my current responsibilities in 2020.

Q. HAVE YOU SUBMITTED TESTIMONY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION ("COMMISSION")?

A. Yes, I submitted Direct Testimony in Case Nos. 2021-00214, 2021-00304, and 2022-00222.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY ON MATTERS BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes, I have filed testimony before the Tennessee Public Utility Commission and the

Virginia State Corporation Commission.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My direct testimony will address areas referenced in the final Orders in Case Nos. 2021-00214 and 2022-00222, as well as introduce the Company's other witnesses in this case. Specifically, I will address our compliance with evaluating the return on equity in this case as well as addressing the Aldyl-A projects filed by the Company.[1] I will sponsor the incorporation of the revenue requirement schedules to determine the PRP deficiency, incorporate the capital structure into the record in this case, and incorporate the addition of Aldyl-A projects.

III. PRP UPDATES

Q. HAS THE COMPANY UPDATED THE RATE OF RETURN USED IN THE PRP CALCULATION IN THIS FILING IN ACCORDANCE WITH THE CASE NOS. 2021-00214 and 2022-00222 ORDERS?

A. Yes. The final Order from Case No 2020-00229 ordered the Company to amend its PRP tariff to reflect that the overall rate of return will be established in the annual PRP rate application, rather than defaulting to the return on equity ("ROE") ordered by the Commission in Atmos Energy's prior general rate case. The Company complied with this in its Case No. 2022-00222 filing by engaging consultant Dylan D'Ascendis to provide testimony to support the ROE used in that case. The Commission's final Order in Case No. 2022-00222 found that an ROE of 9.55 percent for Atmos Energy's base rates and an ROE of 9.45 for its PRP is fair, just

[1] (1) Calculating the PRP rate base in a forecasted period in a manner consistent with 807 KAR 5:001, Section 16(6)(c) and reflect an overall rate of return established in the annual PRP rate application.

and reasonable.[2] The Commission also found that "it would be reasonable for Atmos to use the PRP ROE approved herein in its next PRP filing, and therefore finds that Atmos may rely on the PRP ROE approved herein in its next PRP filing without filing ROE testimony."[3] The Company has followed the Commission's guidance in this case and is making its PRP filing utilizing the 9.45 ROE to determine the revenue deficiency.

Q PLEASE DISCUSS THE CAPITAL STRUCTURE USED BY THE COMPANY IN THIS PRP FILING.

A. The Company has filed using the same capital structure recently approved by the Commission in the final Order of the Company's general rate case, Case No. 2021-00214 and the Company's last PRP filing in Case No. 2022-00222. The Company is also utilizing the approved 9.45 ROE from Case No. 2022-00222 as discussed previously. The overall rate of return is summarized in Table 1 below:

Table 1: Summary of Recommended Weighted Average Cost of Capital

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	45.45%	3.84%	1.73%
Short-Term Debt	0.05%	80.94%	0.04%
Common Equity	54.50%	9.45%	5.15%
Total	100.00%		6.92%

[2] Case No. 2022-00222, *Electronic Application of Atmos Energy Corporation to Establish PRP Rider Rates for the Twelve Month Period Beginning October 1, 2022* (Ky. PSC May 25, 2023), Order at 24.
[3] *Id.* at 25.

Q. HAS THE COMPANY INCLUDED ALDYL-A PROJECTS IN THIS FILING?

A. Yes. In Case No. 2021-00214, the Commission stated that the inclusion of Aldyl-A pipelines will be determined on a case-by-case basis and any PRP applications including Aldyl-A projects should at a minimum include safety justifications for such projects.[4] In compliance with the Commission's order, Atmos Energy witness T. Ryan Austin provides the safety justifications and other factors for the Aldyl-A projects listed in this PRP filing. The Aldyl-A projects are listed in Exhibit K-2 of the Company's filing.

Q. HAS THE COMPANY INCLUDED THE CALCULATIONS FOR THE TRUE-UP IN THIS FILING AS REQUIRED BY ITS TARIFF?

A. Yes. The Company has included true up calculations in this filing in compliance with its approved tariff. The Company's PRP tariff states that "the filing will reflect…a balancing adjustment to reconcile collections with actual investment for the program year from two years prior." For the Company to not include the true up calculations in its filings would be a violation of its approved tariff. The Company notes that in its motion for rehearing following Case No. 2021-00214 the Commission denied the true up calculations contemplated in that case.[5] The Company respectfully submits that the true up calculations, with the data now available, are shown in this filing as contemplated by its authorized tariff.

[4] Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC May 19, 2022), final Order at 60.
[5] *See* Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC June 15, 2023), Order at 10-11.

Q. PLEASE EXPLAIN WHY A DELAY TO THE SCHEDULE OUTLINED IN THE PRP TARIFF UNDERMINES THE POLICY GOALS OF THE ANNUAL MECHANISM.

A. Any delay beyond October 1 introduces additional regulatory lag. Forward-looking treatment, as generally described in the context of rate of return regulation, entails forecasting cost of service components and implementing rates such that the timing of the Company's revenues collected from customers aligns with the timing of its cost of service. In allowing such treatment, regulators ensure that the rates customers are paying more closely align with the utility's cost of service and the value of investment provided during the same time period. Any material delay would result in significant under-recovery of the Company's PRP investments. This under recovery could only be addressed two years from this PRP filing as contemplated by the Company's tariff as part of the balancing adjustment, and layer that additional amount on top of any new rates approved by the Commission in that future docket.

IV. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, at this time.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PRP RIDER RATES FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2023	))))	CASE NO. 2023-00231

CERTIFICATE AND AFFIDAVIT

The Affiant, Brannon C. Taylor, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2023-00231 and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

Brannon C. Taylor

STATE OF TENNESSEE

COUNTY OF WILLIAMSON

SUBSCRIBED AND SWORN to before me by Brannon C. Taylor on this the 26th day of July, 2023.

Pamela Pleasant

Notary Public

My Commission Expires: March 6, 2024

PAMELA PLEASANT
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY, TENN.

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY	**)**	
CORPORATION TO ESTABLISH PRP	**)**	
RIDER RATES FOR THE TWELVE	**)**	**Case No. 2023-00231**
MONTH PERIOD BEGINNING	**)**	
OCTOBER 1, 2023	**)**	

TESTIMONY OF JOEL J. MULTER

INDEX TO THE DIRECT TESTIMONY
OF JOEL J. MULTER, WITNESS FOR
ATMOS ENERGY CORPORATION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Joel J. Multer. My business address is 5430 LBJ Freeway, Dallas, Texas 75240.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the Vice President of Tax for Atmos Energy Corporation.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I have a Bachelor of Business Administration Degree in Accounting as well as a Master of Science with a focus on Taxation from the University of Wisconsin-Milwaukee. I joined Atmos Energy in my current role in August 2021. Prior to that time, I held positions in both public accounting and within the private sector, including over thirteen years in the regulated utility industry. My previous employers include American Electric Power Service Corporation, Ernst & Young, WEC Energy Group, and Walgreens Boots Alliance.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN ANY REGULATORY PROCEEDINGS?

A. Yes. I have provided testimony to the Kentucky Public Service Commission ("Commission") for Atmos Energy in Case No. 2021-00214. I have also provided testimony to the Arkansas Public Service Commission, the Louisiana Public Service Commission, and the Public Utility Commission of Texas on behalf of Southwestern Electric Power Company. I have also provided testimony to the Oklahoma Corporation Commission on behalf of Public Service Company of

Oklahoma, to the Michigan Public Service Commission on behalf of Indiana Michigan Power Company, and to the Public Utilities Commission of Ohio on behalf of the Ohio Power Company.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My direct testimony will address areas referenced in the final Orders in Case No. 2022-00222. Specifically, I will address the Commission's statement that "the Commission notes that it will not include any [net operating loss carryforwards] in future PRP rate base absent specific, credible evidence that Atmos's Kentucky operations and its PRP spend actually generated [net operating loss carryforwards] during the relevant period or that normalization rules would require it.[1] My testimony will support the reasoning for the Company's net operating loss carryforward ("NOLC") and accumulated deferred income taxes ("ADIT") calculations in this PRP filing and the reasons why normalization rules require it.

III. NOLC ADIT

Q. HOW HAS THE COMPANY CALCULATED ITS ACCUMULATED NET OPERATING LOSS CARRYFORWARD ("NOLC") AND ACCUMULATED DEFERRED INCOME TAXES ("ADIT") IN THIS FILING?

A. The Commission noted in the final Order in Case No. 2022-00222 that it would not include any NOLC in future PRP rate base absent specific, credible evidence that Atmos Energy's Kentucky operations and its PRP spend actually generated NOLC

[1] Case No. 2022-00222, *Electronic Application of Atmos Energy Corporation to Establish PRP Rider Rates for the Twelve Month Period Beginning October 1, 2022* (Ky. PSC May 25, 2023), Order at 12.

during the relevant period or that normalization rules would require it.[2] The Company has included the deferred tax impact relating to the investments included in this filing. This includes the incremental change in ADIT liabilities resulting from tax depreciation and repairs net of the incremental change in the Company's accumulated NOLC related ADIT asset.

Q. PLEASE PROVIDE BACKGROUND ON WHAT ACCUMULATED DEFERRED TAXES ARE AND HOW THEY ARE DETERMINED?

A. Net ADIT represents the cumulative amount of income tax expense that has been deferred as the result of differences between the treatment of income and expenses for financial reporting and tax law.

Net ADIT is the sum of both ADIT liabilities and ADIT assets. ADIT liabilities capture the existence of future taxable amounts – for example when tax deductions have been recognized for accelerated tax depreciation that will reverse and become taxable income in future periods. ADIT assets are recognized for future tax deductible amounts including tax attributes such as net operating loss carryforwards. Both represent cumulative amounts existing as of a balance sheet date.

A NOLC is an example of an ADIT asset and represents the cumulative amount of tax deductions in excess of pre-tax operating earnings. When tax deductions exceed operating earnings such excess deductions have yet to provide any benefit by way of tax deferral. Because these excess deductions have yet to be

[2]

used to offset taxable income and therefore defer tax, they are recognized as an accumulated deferred tax asset on the balance sheet.

So long as a taxpayer is in a cumulative NOLC position, the NOLC balance will only change as the result of the following –

- Decrease as the result of pre-tax operating earnings
- Increase due to originating tax deductible items
- Decrease due to reversing tax deductible items

To demonstrate how this works in practice, I provide the following illustration. In this hypothetical, during a taxpayer's first year, the taxpayer incurs $100 of operating income and also recognizes ($100) of tax deductible items such as accelerated depreciation and repairs such that taxable income is zero. In such an instance, the taxpayer would recognize $21 of income tax expense relating to their operating income before tax; however, because the tax deductible items fully offset operating income, they would owe zero taxes in that year – meaning the tax deductible items allowed the taxpayer to fully defer $21 of tax otherwise due.

	Year 1			
	Amount Pre-Tax	**Tax Rate**	**Amount Tax Effected**	
Operating Income Before Tax	100	21%	21	*Tax Expense Allowance*
Tax Deductible Items	(100)	21%	(21)	*ADIT (Liability)*
Taxable Income (Loss)	-	21%	-	*Current Tax Payable*

Now, say in the taxpayer's second year it again has $100 of operating income but in year two recognizes ($120) of tax deductible items. Here, the tax deductions in excess of operating income become a net loss of ($20), which would be available to carryforward to subsequent tax years to be used to offset operating

income. This ($20) net operating loss carryforward would be recognized as an ADIT asset, as it represents deferred tax deductible items that are available to reduce taxable income in future years.

At the end of year two, the taxpayer in this example has recognized $42 of cumulative income tax expense; however, has been able to fully defer all $42 of taxes otherwise due. In a regulatory cost of service calculation, if the two-year $42 amount of income tax expense were collected as a tax expense allowance, then a net ($42) ADIT (liability) should be reflected in rate base to reflect the amount of income taxes deferred to date. Should the full amount of ADIT (liabilities) of ($46) associated with tax deductible items be included in rate base, then the $4 of ADIT asset related to the net operating loss carryforward must be included in rate base as well to represent the net ($42) of cumulative tax deferred.

	Year 2				
	Amount Pre-Tax	Tax Rate	Amount Tax Effected	Cumulative Amount	
Operating Income Before Tax	100	21%	21	42	*Tax Expense Allowance*
Tax Deductible Items	(120)	21%	(25)	(46)	*ADIT (Liability)*
Subtotal	(20)				
Net Operating Loss Carryover	20	21%	4	4	*ADIT Asset - NOLC*
Taxable Income (Loss)	-	21%	-	-	*Current Tax Payable*

Taking this illustration out a third year, if in year three the taxpayer again has $100 of operating income but only ($90) of tax deductible items, then year three produces taxable income of $10 before consideration of net operating loss carryforwards. Because the taxpayer has $20 of net operating loss carryforwards from year two, the taxpayer can use $10 of this carryforward to reduce year three taxable income to zero.

Following year three the taxpayer has now incurred $63 of cumulative income tax expense and deferred paying tax on all $63. In a regulatory cost of service calculation, the taxpayer should now have a total cumulative net ADIT (liability) of $63 which is comprised of a cumulative ADIT (liability) of ($65) related to tax deductible items net of a cumulative $2 ADIT asset for net operating loss carryforwards.

Note, during year three, the cumulative net operating loss carryover balance following year two is influenced by the following – reduced by $100 ($21 tax effected) of positive operating income and increased by $90 (($19) tax effected) of tax deductible items.

	Year 3				
	Amount Pre-Tax	Tax Rate	Amount Tax Effected	Cumulative Amount	
Operating Income Before Tax	100	21%	21	63	*Tax Expense Allowance*
Tax Deductible Items	(90)	21%	(19)	(65)	*ADIT (Liability)*
Subtotal	10				
Net Operating Loss Carryover	(10)	21%	(2)	2	*ADIT Asset - NOLC*
Taxable Income (Loss)	-	21%	-	-	*Current Tax Payable*

Q. ARE ATMOS ENERGY'S KENTUCKY OPERATIONS IN A CUMULATIVE NET OPERATING LOSS POSITION?

A. Yes. As illustrated in Case No. 2021-00214, the Company's most recent rate case, the Company maintained a cumulated NOLC tax asset.

Q. DO NORMALIZATION RULES REQUIRE THE INCLUSION OF NOLC USING THE METHODOLOGY OF THE COMPANY'S CALCULATIONS?

A. Yes. Based on Internal Revenue Code ("IRC") section 168(f)(2), 168(i)(9) and 1.167(I)-1, decreasing taxpayer's rate base by the full amount of its ADIT account

balance without reducing it by the taxpayer's NOLC-related account balance would be a violation of the normalization rules. This position has also been affirmed via numerous IRS Rulings including Atmos Energy Corporation's own ruling by the IRS in 2015 as previously requested by the Commission (PLR-103300-15). A redacted copy of the PLR has been attached as Exhibit JJM-1. Based on this PLR, the exclusion of NOLC, as adjusted by the Commission in the last filing, is inconsistent with the requirement under the IRC normalization regulation and subjects Atmos Energy to normalization violation risk.

Accelerated tax depreciation is subject to the IRC normalization provisions. The rules allowing for accelerated tax depreciation are provided under Section 168 of the IRC. Section 168(f)(2) of the IRC provides that the depreciation deduction determined under Section 168 shall not apply to any public utility property if the taxpayer does not use a normalization method of accounting. If the amount of accelerated tax depreciation differs from the amount of book depreciation expense used in computing regulated tax expense, a reserve must be recorded to capture the deferral of taxes resulting from such a difference.

Cumulative NOLC which is the result of accelerated depreciation is likewise subject to normalization rules. Section 1.167(l)-1(h)(1)(iii) of the IRC provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. If, however, the use of an accelerated tax deprecation method results in a NOLC to a

year succeeding such taxable year (or in increase in such carryover), then the amount and time of the deferral of tax shall be taken into account in such appropriate time and manner as is satisfactory to the IRS district director.

Determination of NOLC attributable to accelerated depreciation must be determined using a last dollar deducted methodology. The last dollar deducted methodology, alternatively referred to as "with-or-without method," refers to the calculation of a taxpayer's NOLC viewing accelerated tax depreciation as the last item deducted against taxable income such that cumulative NOLC can be computed inclusive or with accelerated tax depreciation and without the effect of accelerated tax depreciation. As stated in the conclusion of PLR-103300-15, the last dollar deducted methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to customers. Therefore, any method other than the last dollar deducted method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

Q. HAS THE COMPANY CHANGED ITS TREATMENT OF ACCUMULATED NOLC SINCE ITS REQUEST FOR THE 2015 IRS RULING?

A. No. The Company has treated both its determination of accumulated NOLC and its treatment of accumulated NOLC within its regulatory filings in a manner consistent with that as represented in the 2015 IRS ruling. The facts as presented in the PLR remain applicable to the Company's current accumulated NOLC.

Q. DOES ATMOS ENERGY HAVE TO FOLLOW THE IRS RULES ON THE APPLICATION OF THE IRC NORMALIZATION PROVISIONS?

A. Yes, Atmos Energy has to follow the IRS rules and guidance on the normalization provisions. The IRS has the authority to conclude whether application of the IRC's normalization requirements are being adhered to. This is generally done through the IRS ruling request process.

Q. DOES THE COMMISSION NOTE IN CASE NO. 2022-00222 THAT A NORMALIZATION VIOLATION COULD HAVE NEGATIVE CONSEQUENCES?

A. Yes. The Commission stated in Case No. 2022-0222 that "while the Commission does not agree that the exclusion of all [net operating loss carryforward] would result in a normalization violation, the Commission acknowledge that such a violation could have negative consequences for Atmos and its customers in future rate case.[3] In noting that a normalization violation could have negative consequences, the Commission cited to 26 U.S.C.A. § 168(f)(2) stating that accelerated depreciation may not be used for "public utility property" if the "taxpayer does not use a normalization method of accounting."[4] The effect of this provision is that a taxpayer with a normalization violation must use the straight-line depreciation method for federal income tax purposes over the regulatory life of the affected property. As described previously, the Company's methodology is required to be in compliance with 26 U.S.C.A. § 168(f)(2) and to avoid a

[3] Case No. 2022-00222, *Electronic Application of Atmos Energy Corporation to Establish PRP Rider Rates for the Twelve Month Period Beginning October 1, 2022* (Ky. PSC May 25, 2023), Order at 12.
[4] Case No. 2022-00222, *Electronic Application of Atmos Energy Corporation to Establish PRP Rider Rates for the Twelve Month Period Beginning October 1, 2022* (Ky. PSC May 25, 2023), Order at 12, FN 41.

normalization violation that could have negative consequences for Atmos Energy and its customers.

Q. WHAT ARE THE POTENTIAL NEGATIVE CONSEQUENCES FOR ATMOS ENERGY AND ITS CUSTOMERS SHOULD A NORMALIZATION VIOLATION OCCUR?

A. A normalization violation results in the loss of ability to take accelerated tax depreciation on assets under the jurisdiction in which the violation occurs. The Company has not quantified this amount but it would be a substantial loss of tax deductions impacting the Company's previously deferred taxes and future tax deferrals.

Q. DID THE COMPANY PREVIOUSLY SEEK THE PLR ATTACHED AS EXHIBIT JJM-1 FOR THIS ISSUE ON NORMALIZATION RULES AND THE INCLUSION OF NOLC AT THE REQUST OF THE COMMISSION?

A. Yes. Exhibit JJM-1 is the PLR that was requested and received from the IRS. As mentioned previously, the conclusion of PLR-103300-15 states the last dollar deducted methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to customers. Therefore, any method other than the last dollar deducted method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

IV. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, at this time.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PRP RIDER RATES FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2023	))))	CASE NO. 2023-00231

CERTIFICATE AND AFFIDAVIT

The Affiant, Joel J. Multer, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2023-00231 and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

Joel J. Multer

STATE OF TEXAS

COUNTY OF DALLAS

SUBSCRIBED AND SWORN to before me by Joel J. Multer on this the 26th day of July, 2023.

Notary Public

My Commission Expires: September 1, 2024

GISELLE R HEROY
Notary ID #130804842
My Commission Expires
September 1, 2024

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
Patrick S. Kirwan, ID No. 1000219435
Telephone Number:
(202) 317-6853
Refer Reply To:
CC:PSI:B06
PLR-103300-15
Date:
May 13, 2015

LEGEND:

Taxpayer	=
State A	=
State B	=
State C	=
Commission	=
Year A	=
Year B	=
Date A	=
Date B	=
Date C	=
Date D	=
Case	=
Director	=

Dear Mr. McDonald:

This letter responds to the request, dated January 9, 2015, submitted on behalf of Taxpayer for a ruling on the application of the normalization rules of the Internal Revenue Code to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is the common parent of an affiliated group of corporations and is incorporated under the laws of State A and State B. Taxpayer is engaged primarily in the businesses of regulated natural gas distribution, regulated natural gas transmission, and regulated natural gas storage. Taxpayer's regulated natural gas distribution business delivers gas to customers in several states, including State C. Taxpayer is

subject to, as relevant for this ruling, the regulatory jurisdiction of Commission with respect to terms and conditions of service and as to the rates it may charge for the provision of its gas distribution service in State C. Taxpayer's rates are established on a "rate of return" basis.

Taxpayer filed a rate case application on Date A (Case). In its filing, Taxpayer's application was based on a fully forecasted test period consisting of the twelve months ending on Date B. Taxpayer updated, amended, and supplemented its data several times during the course of the proceedings. In a final order dated Date C, rates were approved by Commission for service rendered on or after Date D.

In each year from Year A to Year B, Taxpayer incurred a net operating loss carryforward (NOLC). In each of these years, Taxpayer claimed accelerated depreciation, including "bonus depreciation" on its tax returns to the extent that such depreciation was available. On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries – a "deferred tax asset" and a "deferred tax expense" - that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an NOLC.

In the setting of utility rates in State C, a utility's rate base is offset by its ADIT balance. In its rate case filing and throughout the proceeding, Taxpayer maintained that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Thus, Taxpayer argued that the rate base should be reduced by its federal ADIT balance net of the deferred tax asset account attributable to the federal NOLC. It also asserted that the failure to reduce its rate base offset by the deferred tax asset attributable to the federal NOLC would be inconsistent with the normalization rules. The attorney general for State C argued against Taxpayer's proposed calculation of ADIT.

Commission, in its final order, agreed with Taxpayer but concluded that the ambiguity in the relevant normalization regulations warranted an assessment of the issue by the IRS and this ruling request followed.

Taxpayer requests that we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with (and, hence, violative of) the requirements of § 168(i)(9) and § 1.167(l)-1 of the Income Tax regulations.
2. For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related account that is less than the amount attributable to accelerated depreciation computed on a "last dollars deducted" basis would be inconsistent with (and, hence, violative of) the requirements of § 168(i)(9) and § 1.167(l)-1 of the Income Tax regulations.

Law and Analysis

Section 168(f)(2) of the Code provides that the depreciation deduction determined under section 168 shall not apply to any public utility property (within the meaning of section 168(i)(10)) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, section 168(i)(9)(A)(i) of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under section 168(i)(9)(A)(ii), if the amount allowable as a deduction under section 168 differs from the amount that-would be allowable as a deduction under section 167 using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under section 168(i)(9)(A)(i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of section 168(i)(9)(A) will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under section 168(i)(9)(B)(ii), such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under section 168(i)(9)(A)(ii), unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in section 168(i)(9)(A). Section 1.167(l)-1(a)(1) of the Income Tax Regulations provides that the normalization

requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under section 167 and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(l)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under section 167(a) results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under section 167(a) using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(l)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount allocable to deferred tax under section 167(1) shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(l)-1(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under section 167(a).

Section 1.167(l)-1(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred

taxes under section 167(l) which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(l)-1(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of the reserve account for that period is the amount of the reserve (determined under section 1.167(l)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Section 56(a)(1)(D) provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

Regarding the first issue, § 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, to reduce Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with the requirements of § 168(i)(9) and § 1.167(l)-1.

Regarding the second issue, § 1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Section 1.167(l)-1(h)(1)(iii) provides generally that, if, in respect of any year, the use of other than regulatory depreciation for tax purposes results in an NOLC carryover (or an increase in an NOLC which would not have arisen had the taxpayer claimed only regulatory depreciation for tax purposes), then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director. While that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. The "last dollars deducted" methodology employed by Taxpayer ensures that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these specific facts, any method other than the "last dollars deducted" method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

This ruling is based on the representations submitted by Taxpayer and is only valid if those representations are accurate. The accuracy of these representations is subject to verification on audit.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

cc:

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

APPLICATION OF ATMOS ENERGY	**)**	
CORPORATION TO ESTABLISH PRP	**)**	
RIDER STATES FOR THE TWELVE	**)**	**Case No. 2023-00231**
MONTH PERIOD BEGINNING	**)**	
OCTOBER 1, 2023	**)**	

TESTIMONY OF T. RYAN AUSTIN

INDEX TO THE DIRECT TESTIMONY
OF T. RYAN AUSTIN, WITNESS FOR
ATMOS ENERGY CORPORATION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS AND AN EXECUTIVE SUMMARY OF THE PURPOSE AND CONTENT OF YOUR TESTIMONY.

A. My name is T. Ryan Austin. My business address is 3275 Highland Pointe Drive, Owensboro, KY 42303.

II. EXECUTIVE SUMMARY AND PURPOSE OF TESTIMONY

Atmos Energy continuously strives to improve the safety and reliability of its pipeline system. Vital steps in this process include (1) proactively identifying assets where the risk of failure is higher and then (2) designing and implementing a plan to mitigate those risks. Through that process, Atmos Energy has identified a need to continue its Pipeline Replacement Program ("PRP") in Kentucky and adapt that program to include projects that target a certain type and generation of polyethylene ("PE") pipe known as Aldyl-A, in addition to the bare steel pipe that is already the focus of our program. The Company outlined in its most recent general rate case, Case No. 2021-00214, the supporting reasons for the replacement of Aldyl-A in its system as needed. Pursuant to the Commission's Final Order, "[t]he inclusion of Aldyl-A pipelines will be determined on a case-by-case basis and any PRP applications including Aldyl-A projects should include minimum safety justifications for such projects." The primary purpose of my testimony is to support the specific Aldyl-A projects that the Company has included in this PRP filing.

While the safety and reliability of our system is the paramount goal for Atmos Energy, the Company understands the Commission's obligation to balance safety and cost. Atmos Energy believes that inclusion of the Aldyl-A projects in this filing is appropriate and will strike the right balance between increased safety for the community, our customers, and property while ensuring rates continue to be reasonable for our natural gas customers.

III. INTRODUCTION OF WITNESS

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the Vice President of Technical Services for Atmos Energy Corporation's Kentucky/Mid-States Division (hereinafter "Atmos Energy" or the "Company").

Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

A. My current responsibilities for the Company include oversight of engineering, geographic information systems, measurement, compliance, safety, related information technology, and procurement. My department is responsible for execution of Projects within our Pipeline Integrity Plan, Annual DOT filings, Contracting, and Project Management for planned system growth, improvement, and replacement projects. I previously served as the Program Manager for the Kentucky PRP from 2015 through 2017.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Science degree in Civil Engineering from The University of Evansville in 2000. I am a Registered Professional Engineer in the Commonwealth of Kentucky. I have been employed by Atmos Energy for 13 years. During my

time at Atmos Energy I have held engineering positions of increasing responsibility (Engineer 1 – Senior 2009-2015) in Owensboro, Manager of Engineering Services with responsibilities of the Kentucky Bare Steel Pipe Replacement Program (2015-2017) and Vice President of Operations for Kentucky (2017-2019) - before moving to my current role as Vice President of Technical Services in June of 2019.

Q. ARE YOU A MEMBER OF ANY PROFESSIONAL ORGANIZATIONS?

A. Yes, I am a member of the American Gas Association. I am also a member of the Kentucky Gas Association where I currently serve as a member of the Operations and Engineering Committee.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION?

A. Yes. I testified before the Commission in Case No. 2021-00214 and Case No. 2022-00222.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring the following exhibits, which are attached to my testimony:

Exhibit TRA-1 (Confidential): Aldyl.2736.Nunn Blvd

Exhibit TRA-2 (Confidential): Aldyl.2736.Glendale Dr

Exhibit TRA-3 (Confidential): Aldyl.26357.Marquees Dr

Exhibit TRA-4 (Confidential): Aldyl.2735.Charles Moran Hwy

Exhibit TRA-5 : ADB-2007-01 – PHMSA Advisory Bulletin, Pipeline Safety: Updated Notification of the Susceptibility to Premature Brittle-Like Cracking of Older Plastic Pipe.

IV. DESCRIPTION OF PROPOSED ALDYL-A PROJECTS

Q. HAS THE COMPANY INCLUDED SPECIFIC ALDYL-A PROJECTS IN THIS PRP FILING FOR APPROVAL BY THIS COMMISSION?

A. Yes. In addition to the steel projects included for review and approval, the Company has submitted the following four Aldyl-A projects in this filing for approval:

Table TRA-1 – Proposed Aldyl-A Projects for Fiscal Year 2024

Project Name	Project Description
Aldyl.2736.Nunn Blvd	Replace 2,923' of 1.25" Aldyl A, 15' of 3/4" HDPE, 252 of 1.25" PE, 3,215' of 2" Adly A, 21' of 2" PE with 6427' of 2" HDPE. 62 Services
Aldyl.2736.Glendale Dr	Replace 134' of 1" Aldyl A, 5' of 2" PE, 2,855' of 2" Aldyl A, 158' of 4" Mill Wrap with 3152' of 2" HDPE. 31 Services
Aldyl.2637.Marquees Dr	Replace 3,930' of 1.5" Aldyl A, 1,169' of 2" Aldyl A, 66' of 3" Aldyl A, 3' of 3/4" HDPE and 135 of 2" HDPE with 5,469' of 2" HDPE. 88 Services
Aldyl.2735.Charles Moran Hwy	Replace 6,723' of 2" Aldyl A, 314' of 2" PE, 3' of 3/4" PE with 3,765' of 2" and 4,039' of 4" HDPE. 65 Services

Q. ARE BOTH THE PROPOSED NUNN BOULEVARD AND GLENDALE DRIVE PROJECTS LOCATED IN CADIZ, KENTUCKY?

A. Yes. The Company submitted testimony in Case No. 2021-00214 concerning the Aldyl-A located in the Company's Cadiz, Kentucky system and the need for its replacement in a ratable manner beginning in our Fiscal 2022 budget. Case No. 2021-00214 included four projects that were approved by the Commission as just

and reasonable. The Commission also approved two projects located in Cadiz in the Company's Case No. 2022-00222 PRP filing as well. The two Cadiz projects included in this filing are a continuation of the Company's efforts to tackle the risk in this system with targeted replacement over time.

Q. PLEASE DISCUSS THE COMPANY'S SYSTEM IN CADIZ.

A. Atmos Energy's system in Cadiz, Kentucky is a good example of the susceptibility to cracking of Aldyl-A. The Cadiz system was installed in the mid-1960s and was originally all Aldyl-A pipe. The system has had a history of leaks caused by the rocky bedding conditions impinging on the Aldyl-A pipe which has, with the passage of time, proven to lead to increased cracking. This area also has tracer wire with the pipe that has deteriorated over time, making the pipeline in Cadiz difficult to locate. As I mentioned in both Case No. 2021-00214 and Case No. 2022-00222, the Cadiz area is one of the areas we are targeting first for replacement because of the knowledge we have from the historical records of the system and the risk factors involved. The Nunn Boulevard and Glendale Drive projects are a continuation of our efforts to safely replace the system in Cadiz over time.

Q. PLEASE DISCUSS THE COMPANY'S NUNN BOULEVARD PROJECT.

A. The Nunn Boulevard project is located in Cadiz, Kentucky. As listed above, the Company plans to replace approximately 2,923' of 1.25" Aldyl-A, 15' of 3/4" high density polyethylene (HDPE), 252 of 1.25" polyethylene (PE), 3,215' of 2" Aldyl-A, 21' of 2" PE with 6427' of 2" HDPE. The Aldyl-A being replaced around Nunn Boulevard was installed in 1966 and is entirely pre-1973 Aldyl-A vintage with higher relative susceptibility to cracking and leakage. To uniformly make this area

of the system consistent with the current standards, the Company will install HDPE. Nunn Boulevard is located in the middle of Cadiz, and in addition, portions of the Trigg County School System, Trigg County Hospital, and heavily traveled Main Street are located off of the end of Nunn Boulevard. A map of the Nunn Boulevard project is provided in Confidential Exhibit TRA-1.

Q. PLEASE DISCUSS THE COMPANY'S GLENDALE DRIVE PROJECT.

A. The Glendale Drive project is located in Cadiz, Kentucky. In the proposed project, the Company plans to replace 134' of 1" Aldyl A, 5' of 2" PE, 2,855' of 2" Aldyl A, 158' of 4" Mill Wrap with 3152' of 2" HDPE. Similar to the Nunn Boulevard portion of the system, the Aldyl-A being replaced at Glendale Drive was also installed in 1966 and is also entirely pre-1973 vintage. Glendale Drive is one of the main residential streets in Cadiz and is located just off Main Street. The Company identified the pipe on Glendale Drive is almost entirely Aldyl-A, and due to the vintage, heavy residential presence, and underlying soil conditions in Cadiz, replacement of the pipe on Glendale Drive is appropriate to mitigate the risk of failure. The Glendale Drive proposed project is located close to the approved Lincoln Avenue project from last year's PRP filing and presents similar conditions as that project. A map of the Glendale Drive project is provided in Confidential Exhibit TRA-2.

Q. PLEASE DISCUSS THE COMPANY'S PROPOSED MARQUESS DRIVE PROJECT.

A. The Marquess Drive project is the replacement of Aldyl-A located in Paducah, Kentucky. In the proposed project the Company will replace 3,930' of 1.5" Aldyl-

A, 1,169' of 2" Aldyl-A, 66' of 3" Aldyl-A, 3' of 3/4" HDPE and 135 of 2" HDPE with 5,469' of 2" HDPE. The existing Aldyl-A was installed in 1968 by the Paducah Housing Authority and was operated by them through a master meter. Atmos Energy took over the system in 2008. All of the Aldyl-A being replaced in this project is entirely pre-1973 vintage. The Marquess Drive pipe being replaced is located predominantly around the Pierce Lackey Housing Authority in a relatively high-density population area as indicated on Confidential Exhibit TRA-3 and around Morgan Elementary School. The existing Aldyl-A pipe in this project is extremely difficult to locate and has led to higher relative risk of damage from excavation and other external forces. The existing Aldyl-A also contains some irregular pipe sizes that are not standard for today, such as the 3" pipe and 1.5" pipe, which would otherwise require special fittings for repairs that would need to be made. The Marquess Drive area of the system contains a large amount of Aldyl-A pipelines in a relatively small area and the leakage history of the Marquess Drive pipe are factors that contribute to the risk assessment area as one of the highest risks of failure in Atmos Energy's system. Replacing the Aldyl-A pipe in Marquess Drive will prevent further elevated risk to the system in this area. A map of the Marquess Drive project is provided in Confidential Exhibit TRA-3.

Q. PLEASE DISCUSS THE COMPANY'S PROPOSED CHARLES MORAN HIGHWAY PROJECT.

A. The Charles Moran Highway project is the replacement of Aldyl-A pipe located in the Company's Horse Cave, Kentucky system. In the proposed project the Company will replace 6,723' of 2" Aldyl A, 314' of 2" PE, 3' of 3/4" PE with 3,765'

of 2" and 4,039' of 4" HDPE. The Charles Moran Highway is the primary east-west road going through Horse Cave, Kentucky as shown on Confidential Exhibit TRA-4 and the project will allow the Company to complete replacement work in a high-density area. The Aldyl-A pipe being replaced in this proposed project was installed in 1967 and is all pre-1973 vintage. Due to the leak history of the project area, the difficulty of locating the pipe, as well as the location of the project area being in a commercial district that includes general stores, a gas station, a water district office, and a fire department, are all factors that rate the project area as another one of the highest relative risks of failure in Atmos Energy's system.

Q. HOW DID THE COMPANY CHOOSE THESE ALDYL-A PROJECTS?

A. In considering the listed Aldyl-A projects, the Company has taken into consideration factors in addition to the higher relative risk material type such as age of material, location of the pipe in relation to population and high consequence facilities, and relative risk from third party damage as described above. All four of the proposed projects ranked high in risk factors in the Company's assessment.

Q. PLEASE LIST SOME ADDITIONAL RISK FACTORS THAT LED THE COMPANY TO PROPOSE THESE FOUR PROJECTS.

A. The existing pipe in all four projects is exceptionally difficult to locate. For all four sections, the tracer wire has deteriorated and to find the existing pipe the Company or its contractors must rely on the use of hand tools for excavation, which increases the timeliness and accuracy of locates and potentially increases risk of damage. In Cadiz, for example, similar pipe the Company has been replacing in FY 2022 and FY 2023 has required up to a week for the crews to locate a small section of the

pipe. By replacing this pipe, which is already prone to cracking, the Company also substantially mitigates the risk of third-party damage as well mitigating future O&M expenses by having pipe that is easily locatable.

Q. PLEASE LIST ANY ADDITIONAL ATTRIBUTES THAT THE CHOSEN ALDYL-A PROJECTS PROVIDE.

A. The Nunn Boulevard and Glendale Drive projects are both in Cadiz, Kentucky, and this helps create operational synergies with the local government to efficiently replace those systems. At the same time, those efficiencies promote minimal disruption in the community and aid in quick and efficient rehabilitation of the area subsequent to the project. Similarly, the Marquess Drive replacement project will allow the Company to completely replace all of the Aldyl-A pipe located in the Pierce Lackey Housing Development. The Company plans to coordinate with the local community to accomplish this work all at once to ensure an efficient replacement process and to work to keep rehabilitation costs lower than a longer more drawn-out project or projects. The Charles Moran Highway project will completely replace all the Aldyl-A located along that section of Main Street for Horse Cave, Kentucky and similarly the Company will coordinate with local officials. The plan to replace all of the Aldyl-A in total should provide minimal disruption rather than a piecemeal approach to the work.

V. ALDYL-A REPLACEMENT

Q. PLEASE PROVIDE ADDITIONAL DETAIL ABOUT ATMOS ENERGY'S ALDYL-A PIPE.

A. Atmos Energy's Kentucky gas distribution system still contains approximately 196 miles of Aldyl-A pipe. While this pipe is not generally as old as the bare steel pipe in Atmos Energy's Kentucky distribution system, it is nonetheless made of materials that are considered obsolete and no longer used in the natural gas industry. Following bare steel pipe, the Company considers Aldyl-A the vintage material that presents the next most significant risk on its system. The Company has been studying the change in leakage rates of Aldyl-A pipe systems as bare steel pipe replacement within PRP has progressed.

Q. WHAT ARE THE MAIN CAUSES OF LEAKS ON ALDYL-A PIPE?

A. As these materials age, the structure of the pipe weakens, becomes brittle and eventually cracks. In 2007, PHMSA issued an Advisory Bulletin ADB-07-01 for updated notification of the susceptibility of older plastic pipes to premature brittle-like cracking. The older pipes listed included Aldyl-A. The advisory bulletin noted that:

> Brittle-like cracking refers to crack initiation in the pipe wall not immediately resulting a full break followed by stable crack growth at stress levels much lower than the stress required for yielding. This results in very tight, slit-like, openings and gas leaks. Although significant cracking may occur at point of stress concentration and near improperly designed or installed fittings, small brittle-like cracks may be difficult to detect until a significant amount of gas leaks out of the pipe, and potentially migrates into an enclosed space such as a basement.

A copy of the Advisory Bulletin is included as Exhibit TRA-5. The brittle-like

cracking characteristic can cause a leak on an early vintage plastic pipeline such as Aldyl-A pipe to grow and release additional natural gas than would normally be released, increasing the risk of natural gas gathering and igniting.

Q. DOES PHMSA BULLETIN ADB-07-01 MAKE A DISTINCTION AMONG TYPES OF ALDYL-A PIPE?

A. Yes. PHMSA Advisory Bulletin ADB-07-01 follows up on Advisory Bulletins ADB-99-01, ADB-99-02, and ADB-02-07 and provides updated notification of the susceptibility of older plastic pipes to premature brittle-like cracking. Among older polyethylene pipe materials these included, but are not limited, to Aldyl-A manufactured before 1973. The American Gas Association has also produced a technical document that expands on the pipe manufactured between 1971 and 1983. This pipe still has issues with brittle cracking and should be replaced as well. Table TRA-2 below is a summary of the American Gas Association documents highlighting the risks of cracking associated with various types of Aldyl-A pipe:

Table TRA-2

Years of Manufacture	Pipe Resin	Relative Resistance to Slow Crack Growth	Summary Notes
1965 – 1971	Alathon® 5040	Low	Initial Product Marketed as Aldyl A*
1971 – 1983[14]	Alathon® 5043	Low[15]	Resin Improvement. Low Ductile Inner Wall (LDIW) pipe manufacturing defect ('70-72)*
1983 – 1989[17]	Alathon® 5046-C	Medium[18]	Resin Improvement-- Sold as "Improved Aldyl A"
1989 – 1992	Alathon® 5046-U	High	Resin Improvement --"Improved Aldyl A"
1992 – 1999	Alathon® 5046-O	Very High	Resin Improvement
*Note: Low Ductile Inner Wall (LDIW) manufacturing defect primarily occurring in some pipe manufactured in years 1970 through 1972 and resulting in possible lower slow crack resistance.			

Table 1. DuPont Aldyl A Pipe Resins 1965 – 1999

- **Pre-1973 Aldyl A** - Pipe installed prior to 1973, from the first two resin formulations, and including pipe having low ductile inner wall. Susceptible to brittle-like failures due to rock impingement or squeeze-off.

- **1973-1983 Aldyl A** - Aldyl A pipe manufactured from Alathon® 5043 resin, but only that pipe manufactured after 1972 and through 1983. Susceptible to brittle-like failures due to rock impingement.

- **1984 and Later Aldyl A** - Pipe manufactured from the improved Alathon® 5046-C, 5046-U and 5046-O resins.

Q. WHAT TYPE OF ALDYL-A PIPE IS PROPOSED FOR REPLACEMENT IN THE NUNN BOULEVARD, GLENDALE DRIVE, MARQUESS DRIVE AND CHARLES MORAN HIGHWAY PROJECTS?

A. The Nunn Boulevard and Glendale Drive Aldyl-A pipe is from 1966, Marquess Drive Aldyl-A is from 1968, and Charles Moran Highway Aldyl-A is from 1967. This pipe resin is the Alathon 5040 which as the table above shows has a low relative resistance to slow crack growth. The Company's Aldyl-A projects targeted for replacement are all pre-1973 Aldyl-A pipe with the exception of some smaller sections identified in the same area that warrant replacement simultaneously in order to address additional risk factors and also receive the benefit of operational synergies while Atmos Energy is working in that area. For example, there may be a small section of post-1973 Aldyl-A pipe in the near vicinity of a project of older vintage already identified for replacement. While this relatively newer section of Aldyl-A or PE may not have been identified as a standalone project, it may be included because of the operational efficiencies of replacing it simultaneously with the adjacent sections and/or because there are risk factors other than age that influence the priority of the project, such as location in a highly populated or growing area with high probability of construction.

Q. IS REPLACEMENT OF THIS PIPE THE ONLY POSSIBLE REMEDY FOR THESE FOUR PROJECTS?

A. Yes, replacement is the only remedy for these pipes over time. As stated above, Aldyl-A pipe is no longer used for new installations. There is no remedial action that will reverse the brittle cracking of this early generation plastic pipe.

VI. OTHER PROJECTS

Q. ARE THERE ANY OTHER PROJECTS YOU WOULD LIKE TO NOTE FOR THE COMMISSION IN THIS FILING?

A. Yes. The Company has included the first phase of the Lancaster, KY to Stanford, KY bare steel replacement project in this filing for approximately $2.1 million. As noted in the description, the project is for fiscal year 2024 land rights and survey, with planned actual construction to begin in fiscal year 2025. A revision will be done following the land rights and survey for the construction which will be replacing approximately 60,500' of 4" bare steel pipe installed in 1949. Due to the size of the project, which the Company currently estimates at approximately $20 million over the life of the project, the Company plans to tackle this project in multiple fiscal years. Doing so will allow the Company to appropriately manage resources and maintain the Commission's bare steel replacement schedule as set in Case No. 2017-00349. In that case, the Commission stated, "the original 15-year PRP time period should be extended and that annual ratepayer-funded PRP investment should be limited to $28 million, barring the identification of a PRP eligible pipeline-related hazard that could not have been reasonably foreseen. $28 million in annual investment should cause the remaining PRP for bare steel replacement to be complete in 6 - 7 years with estimated completion in 2027, adding two years to the originally approved 15-year timeframe."[1] The Lancaster to Stanford replacement project continues the Commission's objective of replacing bare steel in the timeframe set forth by the Commission, while simultaneously the

[1] *In the Matter of Electronic Application of Atmos Energy Corporation for An Adjustment of Rates and Tariff Modifications*, Case No. 2017-00349, May 3, 2018.

Company is maintaining the capital spending limits as set forth by the Commission in Case No. 2017-00349. As the project fits within the PRP parameters as established by the Commission, the Company does not believe a Certificate of Public Convenience and Necessity is required, but out of an abundance of caution Atmos Energy is making the Commission aware of the upcoming bare steel replacement project.

VII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PRP RIDER RATES FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2023	))))	CASE NO. 2023-00231

CERTIFICATE AND AFFIDAVIT

The Affiant, T. Ryan Austin, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2023-00231 and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

T. Ryan Austin

STATE OF TENNESSEE

COUNTY OF WILLIAMSON

SUBSCRIBED AND SWORN to before me by T. Ryan Austin on this the 27th day of July, 2023.

Notary Public

My Commission Expires: March 6, 2024

PAMELA PLEASANT STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY, TENN.

Exhibit TRA-1 (CONFIDENTIAL)

Exhibit TRA-2 (CONFIDENTIAL)

Exhibit TRA-3 (CONFIDENTIAL)

Exhibit TRA-4 (CONFIDENTIAL)

safety procedures used for filling, operating, and discharging MATs to determine whether additional safety procedures should be implemented. To this end, we request that persons who use such transportation systems to provide us with information on the effectiveness of the current DOT regulations, consensus standards, and industry best practices. We are also interested in any other procedures utilized to ensure that operations related to the transportation of acetylene on MATs are performed safely.

We would also like to work with shippers, carriers, and facilities that receive shipments of acetylene in MATs to develop and implement a pilot program to test the effectiveness of current or alternative procedures or methods designed to enhance the safety of transportation operations involving acetylene on MATs. As part of this program, we will assist individual companies or facilities to evaluate the effectiveness of their current procedures and to identify additional measures that should be implemented. We welcome suggestions concerning how such a program should be structured and the entities that should participate.

To ensure that our message reaches all stakeholders affected by these risks, we plan to communicate this advisory through our public affairs notification and outreach processes. For additional visibility, we have made this advisory available on the PHMSA homepage at *http://www.phmsa.dot.gov* and the DOT electronic docket site at *http://dms.dot.gov*. In addition, if you are aware of other companies that are involved in the charging, operating, and discharging MATs, please share this advisory notice with them and, if possible, identify them in your correspondence with this agency. We believe a collaborative effort involving an integrated and cooperative approach will help us to address safety risks, reduce incidents, enhance safety, and protect the public.

Issued in Washington, DC on August 30, 2007.

Theodore L. Willke,

Associate Administrator for Hazardous Materials Safety.

[FR Doc. 07–4355 Filed 9–5–07; 8:45 am]

BILLING CODE 4910–60–P

DEPARTMENT OF TRANSPORTATION

Pipeline and Hazardous Materials Safety Administration

[Docket No. PHMSA–2004–19856]

Pipeline Safety: Updated Notification of the Susceptibility to Premature Brittle-Like Cracking of Older Plastic Pipe

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT.

ACTION: Notice; Issuance of Advisory Bulletin.

SUMMARY: PHMSA is issuing this updated advisory bulletin to owners and operators of natural gas pipeline distribution systems concerning the susceptibility of older plastic pipe to premature brittle-like cracking. PHMSA previously issued three advisory bulletins on this subject: Two on March 11, 1999 and one on November 26, 2002. This advisory bulletin expands on the information provided in the three prior bulletins by listing two additional pipe materials with poor performance histories relative to brittle-like cracking and by updating pipeline owners and operators on the ongoing voluntary efforts to collect and analyze data on plastic pipe performance. Owners and operators of natural gas pipeline distribution systems are encouraged to review the three previous advisory bulletins in their entirety.

FOR FURTHER INFORMATION CONTACT: Richard Sanders at (405) 954–7214, or by e-mail at *richard.sanders@dot.gov*.

SUPPLEMENTARY INFORMATION:

I. National Transportation Safety Board (NTSB) Investigation

On April 23, 1998, the National Transportation Safety Board (NTSB) issued its Special Investigation Report, *Brittle-Like Cracking in Plastic Pipe for Gas Service*, NTSB/SIR–98/01. The report described the results of the NTSB's special investigation of polyethylene gas service pipe, which addressed three major safety issues: (1) Vulnerability of plastic piping to premature failures due to brittle-like cracking; (2) adequacy of available guidance relating to the installation and protection of plastic piping connections to steel mains; and, (3) effectiveness of performance monitoring of plastic pipeline systems to detect unacceptable performance in piping systems.

(1) *Vulnerability of plastic piping to premature failures due to brittle-like cracking:* The NTSB found that failures in polyethylene pipe in actual service are frequently brittle-like, slit failures, not ductile failures. It concluded the number and similarity of plastic pipe accident and non-accident failures indicate past standards used to rate the long-term strength of plastic pipe may have overrated the strength and resistance to brittle-like cracking for much of the plastic pipe manufactured and used for gas service from the 1960s through the early 1980s. The NTSB also concluded any potential public safety hazards from these failures are likely to be limited to locations where stress intensification exists. The NTSB went on to state that more durable modern plastic piping materials and better strength testing have made the strength ratings of modern plastic piping more reliable.

(2) *Adequacy of available guidance relating to the installation and protection of plastic piping connections to steel mains:* The NTSB concluded that gas pipeline operators had insufficient notification of the brittle-like failure potential for plastic pipe manufactured and used for gas service from the 1960s to the early 1980s. The NTSB also concluded this may not have allowed companies to implement adequate surveillance and replacement programs for older plastic piping. The NTSB explained the Gas Research Institute (GRI) developed a significant amount of data on older plastic pipe but the data was published in codified terms making it insufficient for use by pipeline system operators. The NTSB recommended that manufacturers of resin and pipe, industry trade groups and the Federal government do more to alert pipeline operators to the role played by stress intensification from external forces in the premature failure of plastic pipe due to brittle-like cracking.

(3) *Effectiveness of performance monitoring of plastic pipeline systems as a way of detecting unacceptable performance in piping systems:* The NTSB's analysis noted that Federal regulations require pipeline operators to have an ongoing program to monitor the performance of their pipeline systems. However, the NTSB investigation revealed some gas pipeline operators' performance monitoring programs did not effectively collect and analyze data to determine the extent of possible hazards associated with plastic pipeline systems. The NTSB pointed out, "such a program must be adequate to detect trends as well as to identify localized problem areas, and it must be able to relate poor performance to specific factors such as plastic piping brands, dates of manufacture (or installation dates), and failure conditions."

Copies of this report may be obtained by searching the NTSB Web site at *www.ntsb.gov*.

II. Advisory Bulletins Previously Issued by PHMSA

The NTSB made several recommendations to PHMSA and to trade organizations in its 1998 special investigation report. In response, PHMSA issued three advisory bulletins. The first advisory bulletin, ADB–99–01, *Potential Failure Due to Brittle-Like Cracking of Certain Polyethylene Plastic Pipe Manufactured by Century Utility Products Inc,* was published in the **Federal Register** (FR) on March 11, 1999 (64 FR 12211) to advise natural gas pipeline distribution system operators that brittle-like cracking may occur on certain polyethylene pipe manufactured by Century Utility Products, Inc.

The second advisory bulletin, ADB–99–02, *Potential Failures Due to Brittle-Like Cracking of Older Plastic Pipe in Natural Gas Distribution Systems,* was also published in the **Federal Register** on March 11, 1999 (64 FR 12212) to advise natural gas pipeline distribution system operators of the potential for brittle-like cracking of plastic pipes installed between the 1960s and early 1980s.

The third advisory bulletin, ADB–02–07, *Notification of the Susceptibility To Premature Brittle-Like Cracking of Older Plastic Pipe,* was published in the **Federal Register** on November 26, 2002 (67 FR 70806) to reiterate to natural gas pipeline distribution system operators the susceptibility of older plastic pipe to premature brittle-like cracking. The older polyethylene pipe materials specifically identified in ADB–02–07 included, but were not limited to:

- Century Utility Products, Inc. products;
- Low-ductile inner wall "Aldyl A" piping manufactured by DuPont Company before 1973; and
- Polyethylene gas pipe designated PE 3306.

This third advisory bulletin also listed several environmental, installation and service conditions in which plastic piping is used that could lead to premature brittle-like cracking failure. PHMSA also described six recommended practices for polyethylene gas pipeline system operators to aid them with identifying and managing brittle-like cracking problems.

III. Plastic Pipe Studies

Beginning January 25, 2001, the American Gas Association (AGA) began to collect data on in-service plastic piping material failures with the objective of identifying trends in the performance of these materials. The resulting leak survey data, collected from 2001 to present, on the county's natural gas distribution systems includes both actual failure information and negative reports (reports of no leads) submitted voluntarily by participating pipeline operating companies.

The AGA, PHMSA, and other industry and state organizations continue to collect and analyze the data. Unfortunately, the data cannot be correlated with the quantities of each plastic pipe material that may be in service across the United States. Therefore, the data does not assess the failure rates of individual plastic pipe materials on a linear basis (i.e. per foot, per mile, etc.). However, the failure data reinforces what is historically known about certain older plastic piping and components. The data also indicates the susceptibility of additional specific materials to brittle-like cracking.

IV. Advisory Bulletin ADB–07–01

To: Owners and Operators of Natural Gas Pipeline Distribution Systems.

Subject: Updated Notification of the Susceptibility of Older Plastic Pipes to Premature Brittle-Like Cracking.

Advisory: All owners and operators of natural gas distribution systems who have installed and operate plastic piping are reminded of the phenomenon of brittle-like cracking. Brittle-like cracking refers to crack initiation in the pipe wall not immediately resulting in a full break followed by stable crack growth at stress levels much lower than the stress required for yielding. This results in very tight, slit-like, openings and gas leaks. Although significant cracking may occur at points of stress concentration and near improperly designed or installed fittings, small brittle-like cracks may be difficult to detect until a significant amount of gas leaks out of the pipe, and potentially migrates into an enclosed space such as a basement. Premature brittle-like cracking requires relatively high localized stress intensification that may result from geometrical discontinuities, excessive bending, improper installation of fittings, dents and/or gouges. Because this failure mode exhibits no evidence of gross yielding at the failure location, the term brittle-like cracking is used. This phenomenon is different from brittle fracture, in which the pipe failure causes fragmentation of the pipe.

All owners and operators of natural gas distribution systems are future advised to review the three earlier advisory bulletins on this issue. In addition to being available in the **Federal Register**, these advisory bulletins are available in the docket, and on PHMSA's Web site at *http://phmsa.dot.gov/* under Pipeline Safety Regulations.

In the first advisory bulletin, ADB–99–01, published on March 11, 1999 (64 FR 12211), PHMSA advises natural gas distribution system operators of the potential for poor resistance to brittle-like cracking of certain polyethylene pipe manufactured by Century Utility Products, Inc. In the second advisory bulletin, ADB–99–02, published on March 11, 1999 (64 FR 12212), PHMSA advises natural gas distribution system operators of the potential for brittle-like cracking of plastic pipes installed between the 1960s and early 1980s.

In the third advisory bulletin, ADB–02–07, published on November 26, 2002 (67 FR 70806), PHMSA reiterates to pipeline operators the susceptibility of some older plastic pipe to premature brittle-like cracking which could substantially reduce the service life of natural gas distribution systems and to explain the mission of the Plastic Pipe Database Committee (PPDC) "to develop and maintain a voluntary data collection process that supports the analysis of the frequency and causes of in-service plastic piping material failures." The advisory bulletin also lists several environmental, installation and service conditions under which plastic piping is used which is used which could lead to premature brittle-like cracking failure. PHMSA also describes six recommended practices for polyethylene gas pipeline system operators to aid them with identifying and managing brittle-like cracking problems.

Lastly, the susceptibility of some polyethylene pipes to brittle-like cracking is dependent on the resin, pipe processing, and service conditions. As noted in ADB–02–07, these older polyethylene pipe materials include, but are not limited to:

- Century Utility Products, Inc. products;
- Low-ductile inner wall "Aldyl A" piping manufactured by DuPont Company before 1973; and
- Polyethylene gas pipe designated PE 3306.

The data now supports adding the following pipe materials to this list:

- Delrin insert tap tees; and,
- Plexco service tee Celcon (polyacetal) caps.

Authority: 49 U.S.C. chapter 601 and 49 CFR 1.53.

Issued in Washington, DC, on August 28, 2007.

Jeffrey D. Wiese,

Associate Administrator for Pipeline Safety.

[FR Doc. 07–4309 Filed 9–5–07; 8:45 am]

BILLING CODE 4910–60–M

DEPARTMENT OF TRANSPORTATION

Pipeline and Hazardous Materials Safety Administration

[Docket No. PHMSA–2007–28993]

Pipeline Safety: Adequacy of Internal Corrosion Regulations for Hazardous Liquid Pipelines

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA), U.S. Department of Transportation (DOT).

ACTION: Notice of availability of materials; request for comments.

SUMMARY: This notice announces the availability of materials, including a briefing paper prepared for PHMSA's Technical Hazardous Liquid Pipeline Safety Standards Committee (THLPSSC) and data on risks posed by internal corrosion on hazardous liquid pipelines. PHMSA is preparing a report to Congress on the adequacy of the internal corrosion regulations for hazardous liquid pipelines. Participants at a meeting of the THLPSSC discussed issues involved in examining the adequacy of the regulations and requested additional data. PHMSA requests public comment on these matters.

DATES: Submit comments by October 9, 2007.

ADDRESSES: Comments should reference Docket No. PHMSA–2007–28993 and may be submitted in the following ways:

- *E-Gov Web site: http://www.regulations.gov.* This Web site allows the public to enter comments on any **Federal Register** notice issued by any agency. Follow the instructions for submitting comments.
- *Fax:* 1–202–493–2251.
- *Mail:* Docket Management System: U.S. Department of Transportation, Docket Operations, M–30, Room W12–140, 1200 New Jersey Avenue, SE., Washington, DC 20590–0001.
- *Hand Delivery:* DOT Docket Management System, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue, SE., Washington, DC 20590–0001 between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Instructions: Identify the docket number, PHMSA–2007–28993, at the beginning of your comments. If you submit your comments by mail, submit two copies. To receive confirmation that PHMSA received your comments, include a self-addressed stamped postcard. Internet users may submit comments at *http://www.regulations.gov.*

Note: Comments are posted without changes or edits to *http://www.regulations.gov,* including any personal information provided. There is a privacy statement published on *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Barbara Betsock at (202) 366–4361, or by e-mail at *barbara.betsock@dot.gov.*

SUPPLEMENTARY INFORMATION: The Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 directs PHMSA to review the internal corrosion regulations in subpart H of 49 CFR part 195 to determine if they are adequate to ensure adequate protection of the public and environment and to report to Congress on the results of the review. As an initial step in the review, PHMSA consulted the THLPSSC at its meeting on July 24, 2007. The briefing paper prepared for the committee members contains preliminary data on risk history as well as questions relating to the internal corrosion regulations. This briefing paper is posted on PHMSA's pipeline Web site (*http://ops.dot.gov*) and has been placed in the docket.

At the meeting, PHMSA officials committed to gathering additional data responding to questions posed by the committee members. PHMSA has updated the data and included data responsive to the committee members. This data is also posted on the pipeline Web site and contained in the docket.

PHMSA requests comments on the adequacy of the internal corrosion regulations and answers to the questions posed in the briefing paper. PHMSA will use these comments in its review of the internal corrosion regulations.

Authority: 49 U.S.C. 60102, 60115, 60117: Sec. 22, Pub. L. 109–468, 120 Stat. 3499.

Issued in Washington, DC on August 27, 2007.

Jeffrey D. Wiese,

Associate Administrator for Pipeline Safety.

[FR Doc. E7–17538 Filed 9–5–07; 8:45 am]

BILLING CODE 4910–60–P

DEPARTMENT OF VETERANS AFFAIRS

[OMB Control No. 2900–0675]

Proposed Information Collection Activity: Proposed Collection; Comment Request

AGENCY: Center for Veterans Enterprise, Department of Veterans Affairs.

ACTION: Notice.

SUMMARY: The Center for Veterans Enterprise (CVE), Department of Veterans Affairs (VA), is announcing an opportunity for public comment on the proposed collection of certain information by the agency. Under the Paperwork Reduction Act (PRA) of 1995, Federal agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of a currently approved collection, and allow 60 days for public comment in response to the notice. This notice solicits comments for information needed to identify veteran-owned businesses.

DATES: Written comments and recommendations on the proposed collection of information should be received on or before November 5, 2007.

ADDRESSES: Submit written comments on the collection of information through *http://www.Regulations.gov;* or Gail Wegner (00VE), Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420 or e-mail: *gail.wegner@va.gov.* Please refer to "OMB Control No. 2900–0675" in any correspondence. During the comment period, comments may be viewed online through the Federal Docket Management System (FDMS) at *http://www.Regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Gail Wegner at (202) 303–3296 or FAX (202) 254–0238.

SUPPLEMENTARY INFORMATION: Under the PRA of 1995 (Pub. L. 104–13; 44 U.S.C. 3501–3521), Federal agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. This request for comment is being made pursuant to section 3506(c)(2)(A) of the PRA.

With respect to the following collection of information, CVE invites comments on: (1) Whether the proposed collection of information is necessary for the proper performance of CVE's functions, including whether the information will have practical utility; (2) the accuracy of CVE's estimate of the burden of the proposed collection of

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Pipeline Replacement Program Rider

4. Pipe Replacement Rider Rates

The charges for the respective gas service schedules for the revenue month beginning October 1 ,2023 per billing period are: (T)

	Monthly Customer Charge		Distribution Charge per Mcf	
Rate G-1 (Residential)	$0.00	1-300	$0.3823 per 1000 cubic feet	(-,I)
		301-15,000	$0.3823 per 1000 cubic feet	(I)
		Over 15,000	$0.3823 per 1000 cubic feet	(I)
Rate G-1 (Non-Residential)	$0.00	1-300	$0.2807 per 1000 cubic feet	(-,I)
		301-15,000	$0.1951 per 1000 cubic feet	(I)
		Over 15,000	$0.1951 per 1000 cubic feet	(I)
Rate G-2	$0.00	1-15,000	$0.0979 per 1000 cubic feet	(-,I)
		Over 15,000	$0.0803 per 1000 cubic feet	(I)
Rate T-3	$0.00	1-15,000	$0.0686 per 1000 cubic feet	(-,I)
		Over 15,000	$0.0563 per 1000 cubic feet	(I)
Rate T-4	$0.00	1-300	$0.1139 per 1000 cubic feet	(-,I)
		301-15,000	$0.0792 per 1000 cubic feet	(I)
		Over 15,000	$0.0654 per 1000 cubic feet	(I)

DATE OF ISSUE July 31, 2023
Month/Date/Year

DATE EFFECTIVE October 1 ,2023
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in Case No. 2023-00231 dated XXXXXX

ISSUED BY /s/ Brannon Taylor
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

Atmos Energy Corporation
Pipe Replacement Program Filing
Table of Contents

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
SURCHARGE SUMMARY

Line Number	Tariff Schedule		Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)		$ -	0.3823
2	NON-RESIDENTIAL (Rate G-1)		$ -	
3		Sales: 1-300		0.2807
4		Sales: 301-15000		0.1951
5		Sales: Over 15000		0.0000
6	INTERRUPTIBLE (Rate G-2)		$ -	
7		Sales: 1-15,000		0.0979
8		Sales: Over 15,000		0.0803
9	TRANSPORTATION (T-3)		$ -	
10		Interrupt Transport: 1-15,000		0.0686
11		Interrupt Transport: Over 15,000		0.0563
12	TRANSPORTATION (T-4)		$ -	
13		Firm Transport: 1-300		0.1139
14		Firm Transport: 301-15,000		0.0792
15		Firm Transport: Over 15,000		0.0654

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
DEFICIENCY

Line Number	Description	Total
1	Project Additions	$ 45,032,710
2	Project Retirements	$ (8,771,670)
3	**Net Change to Gross Plant**	$ 36,261,040
4		
5	Cost of Removal to Accumulated Depr.	$ 2,257,756
6	Retirements from Accumulated Depr.	8,771,670
7	Depreciation Accrual to Accumulated Depr.	(496,413)
8	**Net Change to Accumulated Depreciation**	10,533,013
9		
10	**Net Change to Net Plant**	$ 46,794,053
11		
12	Accumulated Deferred Income Taxes	(787,709)
13	**Net Change to Rate Base**	$ 46,006,344
14		
15	Rate of Return	6.94%
16	**Required Operating Income**	$ 3,191,000
17		
18	Depreciation & Amortization Expense	656,883
19	O&M Savings	(8,640)
20	Ad Valorem Tax Increase	353,348
21	Income Taxes on Cost of Service Items	(249,897)
22	Income Taxes on Adjusted Interest Expense	(204,979)
23	**Operating Income at Present Rates**	$ 546,715
24		
25	Deficiency	$ 3,737,715
26	Tax Factor	74.58%
27	**Total Rate Adjustment**	$ 5,011,885
28		
29	Project Cost True-up	$ 343,863
30	Revenue Recovery True-up	1,532,726
31	**Total True-up**	$ 1,876,588
32		
33	**Total Rate Adjustment**	$ 6,888,473

Exhibit B-1

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
NET RATE BASE FOR FISCAL YEAR 2024

Line No.	Description	Cumulative balance as of Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	13-Month Average
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Net Investment														
1	Plant in Service	$ 30,337,995	$ 32,310,676	$ 34,485,925	$ 36,923,212	$ 39,495,288	$ 42,071,940	$ 44,466,211	$ 47,388,957	$ 50,516,056	$ 52,988,973	$ 55,641,133	$ 58,366,814	$ 60,432,050	$ 45,032,710
2	Retirements	$ (5,969,041)	$ (6,370,052)	$ (6,805,042)	$ (7,267,243)	$ (7,755,340)	$ (8,237,718)	$ (8,691,447)	$ (9,223,412)	$ (9,788,476)	$ (10,254,585)	$ (10,752,022)	$ (11,254,105)	$ (11,663,230)	$ (8,771,670)
3	Investments Activity (Additions net c	$ 24,368,954	$ 25,940,624	$ 27,680,883	$ 29,655,969	$ 31,739,949	$ 33,834,222	$ 35,774,765	$ 38,165,546	$ 40,727,581	$ 42,734,388	$ 44,889,111	$ 47,112,709	$ 48,768,820	$ 36,261,040
4															
5															
6	**Accumulated Depreciation**														
7															
8	Depreciation Expense	$ (216,445)	$ (253,788)	$ (292,646)	$ (333,320)	$ (376,125)	$ (421,314)	$ (469,050)	$ (520,343)	$ (576,185)	$ (636,619)	$ (703,604)	$ (780,598)	$ (873,328)	$ (496,413)
9	Retirement	$ 5,969,041	$ 6,370,052	$ 6,805,042	$ 7,267,243	$ 7,755,340	$ 8,237,718	$ 8,691,447	$ 9,223,412	$ 9,788,476	$ 10,254,585	$ 10,752,022	$ 11,254,105	$ 11,663,230	$ 8,771,670
10	Cost of Removal	$ 1,535,948	$ 1,630,913	$ 1,736,191	$ 1,856,118	$ 1,982,651	$ 2,109,923	$ 2,227,758	$ 2,373,312	$ 2,529,362	$ 2,651,265	$ 2,782,194	$ 2,917,467	$ 3,017,723	$ 2,257,756
11	Accumulated Depreciation	$ 7,288,544	$ 7,747,176	$ 8,248,587	$ 8,790,040	$ 9,361,865	$ 9,926,327	$ 10,450,154	$ 11,076,380	$ 11,741,653	$ 12,269,230	$ 12,830,612	$ 13,390,974	$ 13,807,625	$ 10,533,013
12															
13															
14	**Accumulated Deferred Income Taxes**														
15															
16	ADIT	$ (3,805,097)	$ (3,972,787)	$ (4,157,649)	$ (4,366,335)	$ (4,586,491)	$ (4,808,444)	$ (5,016,023)	$ (5,269,304)	$ (5,541,015)	$ (5,759,299)	$ (5,994,358)	$ (6,239,503)	$ (6,433,653)	$ (5,073,074)
17	NOLC Variable	$ 3,424,414	$ 3,567,699	$ 3,710,984	$ 3,854,269	$ 3,997,554	$ 4,140,839	$ 4,284,125	$ 4,427,410	$ 4,570,695	$ 4,713,980	$ 4,857,265	$ 5,000,550	$ 5,143,835	$ 4,284,125
18	**Net ADIT**	$ (380,684)	$ (405,088)	$ (446,665)	$ (512,066)	$ (588,937)	$ (667,605)	$ (731,898)	$ (841,895)	$ (970,320)	$ (1,045,319)	$ (1,137,093)	$ (1,238,953)	$ (1,289,817)	$ (788,949)
19															
20	**Proration Adjustment**														$ 1,240
21															
22	**Net Rate Base (Lines 3 + 11 + 18)**	**$ 31,276,814**	**$ 33,282,713**	**$ 35,482,805**	**$ 37,933,943**	**$ 40,512,877**	**$ 43,092,944**	**$ 45,493,020**	**$ 48,400,031**	**$ 51,498,914**	**$ 53,958,300**	**$ 56,582,629**	**$ 59,264,731**	**$ 61,286,628**	**$ 46,006,344**

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2021 THROUGH SEPTEMBER 2022
RECOVERY SCHEDULE

Line No.	Surcharge Report	Actual Recovery Year		Approved Recovery Amt	Actual Recovery Amt	Over / (Under) Recovered	Carrying Charges	Total Over / (Under)	Weighted Average Cost of Capital
1	2022	Oct-21	Sep-22	4,558,954	3,123,301	(1,435,653)	(97,073)	(1,532,726)	6.76%
2				$ 4,558,954	$ 3,123,301	$ (1,435,653)	$ (97,073)	$ (1,532,726)	

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2021 THROUGH SEPTEMBER 2022
DEFICIENCY

Line Number	Description	Actual	As Filed	
1	Project Additions	$ 69,647,678	$ 65,737,056	
2	Project Retirements	(2,857,331)	(10,341,407)	
3	**Net Change to Gross Plant**	$ 66,790,347	$ 55,395,649	
4				
5	Cost of Removal to Accumulated Depr.	3,665,667	3,358,745	
6	Retirements from Accumulated Depr.	2,857,331	10,341,407	
7	Depreciation Accrual to Accumulated Depr.	(1,382,971)	(1,306,743)	
8	**Net Change to Accumulated Depreciation**	5,140,028	12,393,409	
9				
10	**Net Change to Net Plant**	$ 71,930,375	$ 67,789,057	
11				
12	Accumulated Deferred Income Taxes	(1,170,507)	(1,122,156)	
13	**Net Change to Rate Base**	$ 70,759,867	$ 66,666,901	
14				
15	Rate of Return	6.76%	6.76%	
16	**Required Operating Income**	$ 4,784,499	$ 4,507,749	
17				
18	Depreciation & Amortization Expense	1,126,050	1,047,806	
19	O&M Savings	(17,396)	(36,171)	
20	Ad Valorem Tax Increase	532,701	441,820	
21	Income Taxes on Cost of Service Items	(409,518)	(362,637)	
22	Income Taxes on Adjusted Interest Expense	(308,122)	(297,031)	
23	**Operating Income at Present Rates**	$ 923,715	$ 793,788	
24				
25	Deficiency	$ 5,708,214	$ 5,301,537	
26	Tax Factor	74.52%	74.52%	
27	**Total Proposed Rate Adjustment**	$ 7,659,498	$ 7,113,803	
28				
29	2020 Total True-up	$ 121,058	$ 121,058	
30				
31	Total 2022 Deficiency	$ 7,780,556	$ 7,234,861	$ 545,695
32				
33	Pro Rata True-up to May 19, 2022			$ 343,863

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
ADDITIONS

Line Number	Description	Mains	Services	Meters	Total
1	Prior Year: 2023	22,437,148	7,581,265	319,583	30,337,995
2					
3	Current Year: 2024	20,243,918	9,470,953	379,185	30,094,055
4					
5	Total Additions	$ 42,681,065	$ 17,052,218	$ 698,768	$ 60,432,050

Exhibit C-1

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
MONTHLY DEPRECIATION EXPENSE FOR FISCAL YEAR 2024

Line No.	Description		annual rate	Prior Yr	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Annual Totals	13-Month Average
	FERC 37600: Mains																	
1	Monthly Investment Additions				$ 1,118,049	$ 1,287,062	$ 1,631,748	$ 1,719,468	$ 1,772,112	$ 1,605,321	$ 2,124,626	$ 2,304,004	$ 1,677,046	$ 1,817,099	$ 1,936,313	$ 1,251,070	$ 20,243,917	
2	Cumulative Investment			22,437,148	23,555,196	24,842,258	26,474,006	28,193,474	29,965,586	31,570,907	33,695,533	35,999,537	37,676,583	39,493,682	41,429,994	42,681,065		32,154,998
3	Monthly Retirements		14.57%		162,941	187,573	237,806	250,590	258,263	233,955	309,637	335,779	244,408	264,819	282,193	182,327	2,950,291	
4	Cumulative Retirements			3,708,968	3,871,909	4,059,482	4,297,288	4,547,878	4,806,141	5,040,096	5,349,733	5,685,512	5,929,920	6,194,738	6,476,931	6,659,259		5,125,220
5	Depreciable Base			18,728,180	955,108	1,099,489	1,393,942	1,468,878	1,513,849	1,371,366	1,814,989	1,968,225	1,432,638	1,552,280	1,654,120	1,068,743	**17,293,626**	
6	Monthly Depreciation Expense, book basis			-	24,647	25,417	26,490	27,747	29,204	30,713	33,042	36,073	38,831	42,815	49,183	57,413	**421,575**	
7	Cumulative Depreciation			144,207	168,854	194,271	220,762	248,509	277,713	308,425	341,467	377,540	416,371	459,186	508,369	565,782		325,497
8		Net	Depr.															
9	Month	Investment	Rate															
10	prior period	18,728,180	1.54%	24,034	24,034	24,034	24,034	24,034	24,034	24,034	24,034	24,034	24,034	24,034	24,034	24,034	288,414	
11	Oct-23	955,108	1.54%		613	613	613	613	613	613	613	613	613	613	613	613	7,354	
12	Nov-23	1,099,489	1.54%			770	770	770	770	770	770	770	770	770	770	770	8,466	
13	Dec-23	1,393,942	1.54%				1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	10,733	
14	Jan-24	1,468,878	1.54%					1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	11,310	
15	Feb-24	1,513,849	1.54%						1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	11,657	
16	Mar-24	1,371,366	1.54%							1,509	1,509	1,509	1,509	1,509	1,509	1,509	10,560	
17	Apr-24	1,814,989	1.54%								2,329	2,329	2,329	2,329	2,329	2,329	13,975	
18	May-24	1,968,225	1.54%									3,031	3,031	3,031	3,031	3,031	15,155	
19	Jun-24	1,432,638	1.54%										2,758	2,758	2,758	2,758	11,031	
20	Jul-24	1,552,280	1.54%											3,984	3,984	3,984	11,953	
21	Aug-24	1,654,120	1.54%												6,368	6,368	12,737	
22	Sep-24	1,068,743	1.54%													8,229	8,229	
23	**Total: FERC 376 Depr Exp**	**36,021,806**		**$ 24,034**	**$ 24,647**	**$ 25,417**	**$ 26,490**	**$ 27,747**	**$ 29,204**	**$ 30,713**	**$ 33,042**	**$ 36,073**	**$ 38,831**	**$ 42,815**	**$ 49,183**	**$ 57,413**	**$ 421,575**	
24																		
25																		
26	***FERC 38000: Services***																	
27	Monthly Investment Additions				$ 821,733	$ 853,996	$ 774,530	$ 819,786	$ 773,569	$ 758,580	$ 767,396	$ 791,410	$ 765,234	$ 802,915	$ 758,981	$ 782,824	$ 9,470,953	
28	Cumulative Investment			7,581,265	8,402,998	9,256,993	10,031,523	10,851,309	11,624,879	12,383,459	13,150,854	13,942,264	14,707,498	15,510,412	16,269,393	17,052,218		12,366,543
29	Monthly Retirements		27.388%		225,055	233,892	212,127	224,522	211,864	207,759	210,174	216,750	209,581	219,901	207,869	214,399	2,593,895	
30	Cumulative Retirements			2,133,914	2,358,969	2,592,861	2,804,988	3,029,511	3,241,375	3,449,134	3,659,308	3,876,058	4,085,640	4,305,541	4,513,410	4,727,809		3,444,501
31	Depreciable Base			5,447,351	596,677	620,104	562,402	595,264	561,705	550,821	557,222	574,659	555,652	583,013	551,112	568,425	**6,877,058**	
32	Monthly Depreciation Expense, book basis			-	11,874	12,573	13,271	14,091	14,962	15,937	17,089	18,514	20,237	22,646	26,063	33,112	**220,370**	
33	Cumulative Depreciation			67,547	79,422	91,995	105,266	119,357	134,318	150,256	167,345	185,859	206,095	228,742	254,805	287,917		159,917
34		Net	Depr.															
35	Month	Investment	Rate															
36	prior period	5,447,351	2.48%	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	135,094	
37	Oct-23	596,677	2.48%		617	617	617	617	617	617	617	617	617	617	617	617	7,399	
38	Nov-23	620,104	2.48%			699	699	699	699	699	699	699	699	699	699	699	7,689	
39	Dec-23	562,402	2.48%				697	697	697	697	697	697	697	697	697	697	6,974	
40	Jan-24	595,264	2.48%					820	820	820	820	820	820	820	820	820	7,381	
41	Feb-24	561,705	2.48%						871	871	871	871	871	871	871	871	6,965	
42	Mar-24	550,821	2.48%							976	976	976	976	976	976	976	6,830	
43	Apr-24	557,222	2.48%								1,152	1,152	1,152	1,152	1,152	1,152	6,910	
44	May-24	574,659	2.48%									1,425	1,425	1,425	1,425	1,425	7,126	
45	Jun-24	555,652	2.48%										1,723	1,723	1,723	1,723	6,890	
46	Jul-24	583,013	2.48%											2,410	2,410	2,410	7,229	
47	Aug-24	551,112	2.48%												3,417	3,417	6,834	
48	Sep-24	568,425	2.48%													7,048	7,048	
49	**Total: FERC 380 Depr Exp**	**12,324,408**		**$ 11,258**	**$ 11,874**	**$ 12,573**	**$ 13,271**	**$ 14,091**	**$ 14,962**	**$ 15,937**	**$ 17,089**	**$ 18,514**	**$ 20,237**	**$ 22,646**	**$ 26,063**	**$ 33,112**	**$ 220,370**	
50																		

Exhibit C-1

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
MONTHLY DEPRECIATION EXPENSE FOR FISCAL YEAR 2024

Line No.	Description		annual rate	Prior Yr	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Annual Totals	13-Month Average
51	***FERC 38100: Meters***																	
52	Monthly Investment Additions				$ 32,899	$ 34,191	$ 31,010	$ 32,821	$ 30,971	$ 30,371	$ 30,724	$ 31,685	$ 30,637	$ 32,146	$ 30,387	$ 31,342	$ 379,185	
53	Cumulative Investment			319,583	352,482	386,673	417,683	450,504	481,475	511,846	542,570	574,256	604,893	637,039	667,426	698,768		511,169
54	Monthly Retirements		39.56%		13,015	13,526	12,267	12,984	12,252	12,015	12,154	12,535	12,120	12,717	12,021	12,399	150,003	
55	Cumulative Retirements			126,159	139,173	152,699	164,966	177,950	190,202	202,217	214,371	226,906	239,026	251,742	263,763	276,162		201,949
56	Depreciable Base			193,424	19,885	20,665	18,742	19,838	18,719	18,356	18,570	19,151	18,517	19,429	18,366	18,943	229,182	
57	Monthly Depreciation Expense, book basis			-	822	867	913	966	1,023	1,087	1,162	1,255	1,367	1,524	1,747	2,206	**14,939**	
58	Cumulative Depreciation			4,691	5,512	6,380	7,293	8,259	9,282	10,369	11,531	12,786	14,153	15,677	17,423	19,629		10,999
59		Net	Depr.															
60	Month	Investment	Rate															
61	prior period	193,424	4.85%	782	782	782	782	782	782	782	782	782	782	782	782	782	9,381.06	
62	Oct-23	19,885	4.85%		40	40	40	40	40	40	40	40	40	40	40	40	482.20	
63	Nov-23	20,665	4.85%			46	46	46	46	46	46	46	46	46	46	46	501.13	
64	Dec-23	18,742	4.85%				45	45	45	45	45	45	45	45	45	45	454.50	
65	Jan-24	19,838	4.85%					53	53	53	53	53	53	53	53	53	481.06	
66	Feb-24	18,719	4.85%						57	57	57	57	57	57	57	57	453.94	
67	Mar-24	18,356	4.85%							64	64	64	64	64	64	64	445.14	
68	Apr-24	18,570	4.85%								75	75	75	75	75	75	450.32	
69	May-24	19,151	4.85%									93	93	93	93	93	464.41	
70	Jun-24	18,517	4.85%										112	112	112	112	449.05	
71	Jul-24	19,429	4.85%											157	157	157	471.16	
72	Aug-24	18,366	4.85%												223	223	445.38	
73	Sep-24	18,943	4.85%													459	459.37	
74	**Total: FERC 381 Depr Exp**	**422,606**		**$ 782**	**$ 822**	**$ 867**	**$ 913**	**$ 966**	**$ 1,023**	**$ 1,087**	**$ 1,162**	**$ 1,255**	**$ 1,367**	**$ 1,524**	**$ 1,747**	**$ 2,206**	**$ 14,939**	
75																		
76	**Total Depreciation Expense, Monthly (Lines 22+44+66)**			**$ 36,074**	**$ 37,344**	**$ 38,858**	**$ 40,674**	**$ 42,804**	**$ 45,189**	**$ 47,737**	**$ 51,293**	**$ 55,842**	**$ 60,434**	**$ 66,985**	**$ 76,993**	**$ 92,730**	**$ 656,883**	

Note: This Depreciation methodology is consistent with how the Company accounts for Depreciation expense on its books.

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
MONTHLY COST OF REMOVAL FOR FISCAL YEAR 2024

Line No.	Description		Prior Yr Balance	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Annual Totals	13-Month Average
1	**FERC 37600: Mains**																
2	**Cost of Removal**			**$ 58,845**	**$ 67,740**	**$ 85,881**	**$ 90,498**	**$ 93,269**	**$ 84,491**	**$ 111,822**	**$ 121,263**	**$ 88,266**	**$ 95,637**	**$ 101,911**	**$ 65,846**	**$ 1,065,469**	
3		Accumulated	1,180,903	1,239,747	1,307,487	1,393,369	1,483,867	1,577,136	1,661,627	1,773,449	1,894,712	1,982,978	2,078,615	2,180,526	2,246,372		**$ 1,692,368**
4																	
5	**FERC 38000: Services**																
6	**Cost of Removal**			**$ 36,120**	**$ 37,538**	**$ 34,045**	**$ 36,035**	**$ 34,003**	**$ 33,344**	**$ 33,732**	**$ 34,787**	**$ 33,637**	**$ 35,293**	**$ 33,362**	**$ 34,410**	**$ 416,306**	
7		Accumulated	355,045	391,166	428,704	462,749	498,784	532,787	566,131	599,863	634,650	668,286	703,579	736,941	771,351		**$ 565,387**
8																	
9	**Total Cost of Removal**			**$ 94,965**	**$ 105,278**	**$ 119,927**	**$ 126,533**	**$ 127,272**	**$ 117,835**	**$ 145,554**	**$ 156,051**	**$ 121,902**	**$ 130,930**	**$ 135,273**	**$ 100,256**	**$ 1,481,775**	
10		Accumulated	1,535,948	1,630,913	1,736,191	1,856,118	1,982,651	2,109,923	2,227,758	2,373,312	2,529,362	2,651,265	2,782,194	2,917,467	3,017,723		**$ 2,257,756**

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
RETIREMENTS

Line Number	Description	Mains	Services	Meters	Total
1	Prior Year: 2023	3,708,968	2,133,914	126,159	5,969,041
2					
3	Current Year: 2024	2,950,291	2,593,895	150,003	5,694,189
4					
5	Total Retirements	$ 6,659,259	$ 4,727,809	$ 276,162	$ 11,663,230

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
KENTUCKY PRP ADIT CALCULATION

Line No			Sep-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Total
1	Book Cost		-	3,060,348	1,615,030	1,591,409	1,750,593	2,243,818	2,090,507	2,348,687	2,113,986	2,064,137	2,072,762	1,813,105	1,604,572	24,368,954
2	Tax Cost		-	1,172,972	619,010	609,956	670,968	860,012	801,251	900,206	810,250	791,144	794,450	694,928	615,001	9,340,148
3	FXA01		$ -	$ (1,887,376)	$ (996,020)	$ (981,453)	$ (1,079,625)	$ (1,383,806)	$ (1,289,256)	$ (1,448,481)	$ (1,303,736)	$ (1,272,994)	$ (1,278,312)	$ (1,118,177)	$ (989,571)	$ (15,028,806)
4																
5																
6																
7																
8	FXA01 Cumulative		-	(1,887,376)	(2,883,396)	(3,864,849)	(4,944,474)	(6,328,279)	(7,617,535)	(9,066,016)	(10,369,753)	(11,642,746)	(12,921,059)	(14,039,236)	(15,028,806)	(15,028,806)
9	Deferred Rate		24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%
10	FXA01 Tax Effected		$ -	$ (470,900)	$ (719,407)	$ (964,280)	$ (1,233,646)	$ (1,578,906)	$ (1,900,575)	$ (2,261,971)	$ (2,587,253)	$ (2,904,865)	$ (3,223,804)	$ (3,502,789)	$ (3,749,687)	$ (3,749,687)
11																
12																
13																
14																
15	Book Depreciation		-	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	216,445
16	Tax Depreciation		-	36,544	36,544	36,544	36,544	36,544	36,544	36,544	36,544	36,544	36,544	36,544	36,544	438,530
17	FXA02		$ -	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (18,507)	$ (222,085)
18																
19																
20																
21																
22																
23	FXA02 Cumulative		-	(18,507)	(37,014)	(55,521)	(74,028)	(92,536)	(111,043)	(129,550)	(148,057)	(166,564)	(185,071)	(203,578)	(222,085)	(222,085)
24	Deferred Rate		24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	
25	FXA02 Tax Effected		$ -	$ (4,618)	$ (9,235)	$ (13,853)	$ (18,470)	$ (23,088)	$ (27,705)	$ (32,323)	$ (36,940)	$ (41,558)	$ (46,175)	$ (50,793)	$ (55,410)	$ (55,410)
26																
27																13 Mo Average
28	Cumulative Deferred Inc. Taxes and Investment Tax Credits		$ -	$ (475,518)	$ (728,642)	$ (978,132)	$ (1,252,116)	$ (1,601,993)	$ (1,928,280)	$ (2,294,294)	$ (2,624,194)	$ (2,946,423)	$ (3,269,979)	$ (3,553,582)	$ (3,805,097)	$ (1,958,327)
29	*(excluding forecasted change in NOLC)*															
30																
31	Forecasted Change in NOLC		$ -	$ 285,368	$ 570,736	$ 856,103	$ 1,141,471	$ 1,426,839	$ 1,712,207	$ 1,997,575	$ 2,282,942	$ 2,568,310	$ 2,853,678	$ 3,139,046	$ 3,424,414	$ 1,712,207
32																
33	**Forecasted ADIT in Rate Base**															$ (246,120)
34		**ADIT Proration:**														
35		days in month														
36		mid month convention														
37		days remaining														
38		pro ration factor														
39																
40	**Calculation of Change in NOLC**															
41		Schedule														
42	Forecasted Test Period	Reference														
43																
44	Net Change to Rate Base	Exhibit B														14,374,716
45																
46	Required Operating Income	Exhibit B														997,030
47																
48	Interest Deduction	Exhibit B														256,696
49																
50	Return on Equity Portion of Rate Base	line 36 - line 38														740,334
51																
52	Return, grossed up for Income Tax	Line 40 / (1-tax rate)		24.95%												986,454
53																
54	Tax Expense on Return	Line 42 x tax rate		24.95%												246,120
55																
56	Change In ADIT, excluding forecasted change in NO	Line 22														$ (3,805,097)
57	Required Change in NOLC															3,424,414
58																
59	**Total Required Change in Accumulated Deferrec**	**Exhibit B**														**(246,120)**
60																
61	[1] *Because the Company is in a NOLC position, the total change in ADIT must equal the tax expenses included in revenue requirement*															

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Line No				Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Total
1	Book Cost		Book Cost	1,571,670	1,740,259	1,975,086	2,083,980	2,094,273	1,940,543	2,390,781	2,562,035	2,006,808	2,154,722	2,223,598	1,656,111	24,399,866
2	Tax Cost		Tax Cost	948,501	1,050,244	1,191,962	1,257,679	1,263,891	1,171,115	1,442,833	1,546,185	1,211,106	1,300,372	1,341,939	999,461	14,725,286
3	FXA01		FXA01	$ (623,169)	$ (690,015)	$ (783,124)	$ (826,301)	$ (830,382)	$ (769,428)	$ (947,948)	$ (1,015,850)	$ (795,702)	$ (854,350)	$ (881,660)	$ (656,650)	$ (9,674,580)
4																
5																
6			Prior Yr Bal	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)	(15,028,806)
7			Current Yr	(623,169)	(690,015)	(783,124)	(826,301)	(830,382)	(769,428)	(947,948)	(1,015,850)	(795,702)	(854,350)	(881,660)	(656,650)	(9,674,580)
8	FXA01 Cumulative		FXA01 Cumulative	(15,651,975)	(16,341,990)	(17,125,114)	(17,951,415)	(18,781,797)	(19,551,225)	(20,499,173)	(21,515,023)	(22,310,725)	(23,165,076)	(24,046,736)	(24,703,386)	(24,703,386)
9	Deferred Rate		Deferred Rate	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%
10	FXA01 Tax Effected		FXA01 Tax Effected	$ (3,905,168)	$ (4,077,327)	$ (4,272,716)	$ (4,478,878)	$ (4,686,058)	$ (4,878,031)	$ (5,114,544)	$ (5,367,998)	$ (5,566,526)	$ (5,779,686)	$ (5,999,661)	$ (6,163,495)	$ (6,163,495)
11			**FXA01 Prorated**	**$ (3,898,565)**	**$ (4,049,263)**	**$ (4,203,701)**	**$ (4,349,144)**	**$ (4,479,412)**	**$ (4,583,814)**	**$ (4,692,998)**	**$ (4,788,478)**	**$ (4,846,948)**	**$ (4,891,625)**	**$ (4,919,046)**	**$ (4,926,003)**	**$ (4,926,003)**
12																
13																
14																
15	Book Depreciation		Book Depreciation	37,344	38,858	40,674	42,804	45,189	47,737	51,293	55,842	60,434	66,985	76,993	92,730	656,883
16	Tax Depreciation		Tax Depreciation	86,275	89,773	93,969	98,891	104,400	110,286	118,501	129,011	139,621	154,756	177,877	214,235	1,517,596
17	FXA02		FXA02	$ (48,931)	$ (50,915)	$ (53,295)	$ (56,086)	$ (59,211)	$ (62,549)	$ (67,209)	$ (73,169)	$ (79,187)	$ (87,771)	$ (100,884)	$ (121,504)	$ (860,712)
18																
19																
20																
21			Prior Yr Bal	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)	(222,085)
22			Current Yr	(48,931)	(50,915)	(53,295)	(56,086)	(59,211)	(62,549)	(67,209)	(73,169)	(79,187)	(87,771)	(100,884)	(121,504)	(860,712)
23	FXA02 Cumulative		FXA02 Cumulative	(271,017)	(321,932)	(375,227)	(431,314)	(490,525)	(553,074)	(620,282)	(693,452)	(772,639)	(860,409)	(961,293)	(1,082,798)	(1,082,798)
24	Deferred Rate		Deferred Rate	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%
25	FXA02 Tax Effected		FXA02 Tax Effected	$ (67,619)	$ (80,322)	$ (93,619)	$ (107,613)	$ (122,386)	$ (137,992)	$ (154,760)	$ (173,016)	$ (192,773)	$ (214,672)	$ (239,843)	$ (270,158)	$ (270,158)
26			**FXA02 Prorated**	**$ (67,100)**	**$ (78,220)**	**$ (88,730)**	**$ (98,602)**	**$ (107,891)**	**$ (116,378)**	**$ (124,120)**	**$ (130,997)**	**$ (136,816)**	**$ (141,405)**	**$ (144,543)**	**$ (145,830)**	**$ (145,830)**
27																**13 Mo Average/Proration**
28	Cumulative Deferred Inc. Taxes and Investment Tax Credits			**$ (3,965,665)**	**$ (4,127,483)**	**$ (4,292,431)**	**$ (4,447,747)**	**$ (4,587,304)**	**$ (4,700,192)**	**$ (4,817,118)**	**$ (4,919,475)**	**$ (4,983,764)**	**$ (5,033,030)**	**$ (5,063,589)**	**$ (5,071,834)**	**$ (5,071,834)**
29	*(excluding forecasted change in NOLC)*															
30																
31	Forecasted Change in NOLC			**$ 3,567,699**	**$ 3,710,984**	**$ 3,854,269**	**$ 3,997,554**	**$ 4,140,839**	**$ 4,284,125**	**$ 4,427,410**	**$ 4,570,695**	**$ 4,713,980**	**$ 4,857,265**	**$ 5,000,550**	**$ 5,143,835**	**$ 4,284,125**
32																
33	**Forecasted ADIT in Rate Base**															**$ (787,709)**
34		**ADIT Proration:**														
35		days in month		31	30	31	31	28	31	30	31	30	31	31	30	365
36		mid month convention		15.5	30	31	31	28	31	30	31	30	31	31	30	
37		days remaining		350	320	289	258	230	199	169	138	108	77	46	16	
38		pro ration factor		**95.75%**	**87.53%**	**79.04%**	**70.55%**	**62.88%**	**54.38%**	**46.16%**	**37.67%**	**29.45%**	**20.96%**	**12.47%**	**4.25%**	
39																
40	**Calculation of Change in NOLC**															
41		Schedule														
42	Forecasted Test Period	Reference														
43																
44	Net Change to Rate Base	Exhibit B														46,006,344
45																
46	Required Operating Income	Exhibit B														3,191,000
47																
48	Interest Deduction	Exhibit B														821,558
49																
50	Return on Equity Portion of Rate Base	line 36 - line 38														2,369,442
51																
52	Return, grossed up for Income Tax	Line 40 / (1-tax rate)		24.95%												3,157,151
53																
54	Tax Expense on Return	Line 42 x tax rate		24.95%												787,709
55																
56	Change In ADIT, excluding forecasted change in NO	Line 22														$ (6,433,653)
57	Required Change in NOLC															1,719,422
58																
59	**Total Required Change in Accumulated Deferrec**	**Exhibit B**														**(787,709)**
60																
61	[1] *Because the Company is in a NOLC position, the total change in ADIT must*															

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ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
DEFERRED INCOME TAXES

Line Number	Description	Mains	Services	Meters	Total
1					
2	Additions to Gross Plant - Book 2023	$ 22,437,148	$ 7,581,265	$ 319,583	$ 30,337,995
3	Less: Retirements to Book 2023	(3,708,968)	(2,133,914)	(126,159)	(5,969,041)
4	**Book Basis**	**$ 18,728,180**	**$ 5,447,351**	**$ 193,424**	**$ 24,368,954**
5	Repairs Percentage	69.95%	69.95%	0.00%	
6	Less: Repairs	$ (15,694,761)	$ (5,303,087)	$ -	$ (20,997,847)
7	Add: Deferred Retirements	$ 3,708,968	$ 2,133,914	$ 126,159	5,969,041
8	Tax Basis Before Bonus	$ 6,742,387	$ 2,278,178	$ 319,583	$ 9,340,148
9	Bonus Depreciation %	0.00%	0.00%	0.00%	
10	Bonus Depreciation	$ -	$ -	$ -	$ -
11	**Tax Basis**	**$ 6,742,387**	**$ 2,278,178**	**$ 319,583**	**$ 9,340,148**
12					
13	Additions to Gross Plant - Book 2024	$ 20,243,918	$ 9,470,953	$ 379,185	$ 30,094,055
14	Less: Retirements to Book 2024	(2,950,291)	(2,593,895)	(150,003)	(5,694,189)
15	**Book Basis**	**$ 17,293,627**	**$ 6,877,058**	**$ 229,182**	**$ 24,399,866**
16	Repairs Percentage	50.48%	54.37%	0.00%	
17	Less: Repairs	$ (10,219,223)	$ (5,149,546)	$ -	$ (15,368,769)
18	Add: Deferred Retirements	$ 2,950,291	$ 2,593,895	$ 150,003	5,694,189
19	Tax Basis Before Bonus	$ 10,024,695	$ 4,321,406	$ 379,185	$ 14,725,286
20	Bonus Depreciation %	0.00%	0.00%	0.00%	
21	Bonus Depreciation	$ -	$ -	$ -	$ -
22	**Tax Basis**	**$ 10,024,695**	**$ 4,321,406**	**$ 379,185**	**$ 14,725,286**
23					
24	FXA01 - Gross	$ (19,254,725)	$ (5,724,824)	$ 276,162	$ (24,703,387)
25	Deferred Rate	24.95%	24.95%	24.95%	
26	**FXA01 - Tax Effected**	**$ (4,804,054)**	**$ (1,428,344)**	**$ 68,902**	**$ (6,163,495)**
27	**FXA01 - Tax Effected Prorated**				**$ (4,926,003)**
28					
29					
30	Book Depreciation 2023	$ 144,207	$ 67,547	$ 4,691	$ 216,445
31	Book Depreciation 2024	$ 421,575	$ 220,370	$ 14,939	$ 656,883
32	Book Depreciation	$ 565,782	$ 287,917	$ 19,629	$ 873,328
33					
34	Tax Depreciation 2023	$ 337,119	$ 85,432	$ 15,979	$ 438,530
35	Tax Depreciation 2024	$ 1,141,762	$ 326,514	$ 49,320	$ 1,517,596
36	Tax Depreciation	$ 1,478,881	$ 411,946	$ 65,299	$ 1,956,126
37					
38	FXA02 - Gross	$ (913,099)	$ (124,029)	$ (45,669)	$ (1,082,798)
39	Deferred Rate	24.95%	24.95%	24.95%	
40	**FXA02 - Tax Effected**	**$ (227,818)**	**$ (30,945)**	**$ (11,395)**	**$ (270,158)**
41	**FXA02 - Tax Effected Prorated**				**$ (145,830)**
42					
43	**Calculation of Book Depreciation**				
44					
45	Book Basis - 2023	$ 18,728,180	$ 5,447,351	$ 193,424	$ 24,368,954
46	Book Depreciation Rates - Year 1	0.77%	1.24%	2.43%	
47	Book Depreciation Rates - Year 2	1.54%	2.48%	4.85%	
48	Book Depreciation 2023	**$ 432,621**	**$ 202,641**	**$ 14,072**	**$ 649,334**
49					
50	Book Basis - 2024	$ 17,293,627	$ 6,877,058	$ 229,182	$ 24,399,866
51	Book Depreciation Rates - Year 1	0.77%	1.24%	2.43%	
52	Book Depreciation 2024	**$ 133,161**	**$ 85,276**	**$ 5,558**	**$ 223,994**
53					**0.92%**
54	**Calculation of Tax Depreciation**				
55					
56	Tax Basis - 2023	$ 6,742,387	$ 2,278,178	$ 319,583	$ 9,340,148
57	Tax Depreciation Rates - Year 1	5.00%	3.75%	5.00%	
58	Tax Depreciation Rates - Year 2	9.50%	7.22%	9.50%	
59	Tax Depreciation 2023	**$ 977,646**	**$ 249,893**	**$ 46,339**	**$ 1,273,879**
60					
61	Tax Basis - 2024	$ 10,024,695	$ 4,321,406	$ 379,185	$ 14,725,286
62	Tax Depreciation Rates - Year 1	5.00%	3.75%	5.00%	
63	Tax Depreciation 2024	**$ 501,235**	**$ 162,053**	**$ 18,959**	**$ 682,247**
64					
65					
66	**Tax Rates**				
67	Ad Valorem Tax Rate	0.974%			
68	Income Tax Rate	24.950%			
69	State Tax Rate	5.00%			
70	Federal Tax Rate	21.00%			
71	Uncollectible accounts expense	0.50%			
72	PSC Assessment	0.1302%			
73	Gross Up Factor	1.3409			

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
RATE OF RETURN

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	0.05%	80.94%	0.04%
2	LT Debt	45.45%	3.84%	1.75%
3	Equity	54.50%	9.45%	5.15%
4		100.0%		6.94%

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
O&M SAVINGS

Line Number	Description	Annual Savings	Cumulative Savings
1	Prior Year: 2023	$ 4,474	$ 4,474
2			
3	Current Year: 2024	$ 4,166	$ 8,640

Exhibit I

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
RATE DESIGN

Case 2021-00214

Line Number	Class of Customers	Rate	Total	Total Dollars	Ratio	Volumetric Charge Ratio	Revenue increase by Class	Budgeted Volumes	Budgeted Customer Counts	Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)				55.58%		$ 3,828,636		1,922,364		
2	FIRM BILLS	$19.30	1,930,462	$37,257,917						$ -	
3	Sales: 1-300	1.5483	10,018,608	$15,511,811		100.00%		10,012,895			0.3823
4	Sales: 301-15000	1.0762	0	$0		0.00%		0			
5	Sales: Over 15000	0.8888	0	$0		0.00%		0			
6	CLASS TOTAL (Mcf/month)		10,018,608	52,769,728				10,012,895			
7											
8	NON-RESIDENTIAL (Rate G-1)				26.86%		$ 1,850,077		238,428		
9	FIRM BILLS	66.00	239,727	$15,821,982						$ -	
10	Sales: 1-300	1.5483	5,456,430	$8,448,191		87.30%		5,754,122			0.2807
11	Sales: 301-15000	1.0762	1,142,223	$1,229,260		12.70%		1,204,540			0.1951
12	Sales: Over 15000	0.8888	0	$0		0.00%		0			
13	CLASS TOTAL (Mcf/month)		6,598,653	25,499,433				6,958,662			
14											
15	INTERRUPTIBLE (G-2)				0.31%		$ 21,505		76		
16	INT BILLS	520.00	97	$50,440						$ -	
17	Sales: 1-15000	0.9557	216,799	$207,195		84.24%		185,076			0.0979
18	Sales: Over 15000	0.7837	49,469	$38,769		15.76%		42,231			0.0803
19	CLASS TOTAL (Mcf/month)		266,268	296,404				227,306			
20											
21	TRANSPORTATION (T-3)				8.24%		567,669		840		
22	TRANSPORTATION BILLS	520.00	838	$435,760						$ -	
23	Interrupt Transport: 1-15000	0.9557	4,937,981	$4,719,228		63.87%		5,285,147			0.0686
24	Interrupt Transport: Over 15000	0.7837	3,405,818	$2,669,140		36.13%		3,645,265			0.0563
25	CLASS TOTAL (Mcf/month)		8,343,799	7,824,128				8,930,412			
26											
27	TRANSPORTATION (T-4)				9.01%		620,587		1,464		
28	TRANSPORTATION BILLS	520.00	1,429	$742,877						$ -	
29	Firm Transport: 1-300	1.5483	412,985	$639,425		8.19%		446,010			0.1139
30	Firm Transport: 301-15000	1.0762	5,249,162	$5,649,148		72.33%		5,668,919			0.0792
31	Firm Transport: Over 15000	0.8888	1,712,468	$1,522,042		19.49%		1,849,408			0.0654
32	CLASS TOTAL (Mcf/month)		7,374,615	8,553,492				7,964,337			
33											
34	Total Revenue			94,943,184	100.00%		$ 6,888,473	34,093,613.20	2,163,172		
35											
36											
37									**KY Revenue Requirement**		**$ 6,888,473**

Exhibit J

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2023 THROUGH SEPTEMBER 2024
CUSTOMERS & VOLUMES

Line Number	Tariff	Description		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
			Customers													
1	G-1	Residential	**Fiscal 2024 Bud**	158,528	159,271	159,578	162,534	161,685	162,791	162,064	161,903	160,018	159,236	158,190	156,566	1,922,364
2	G-1	Commercial Firm	**Fiscal 2024 Bud**	17,596	18,001	18,201	18,773	18,471	18,648	18,581	18,435	17,931	17,753	17,731	17,727	217,848
3	G-1	Public Authority	**Fiscal 2024 Bud**	1,488	1,495	1,485	1,529	1,503	1,507	1,498	1,486	1,501	1,473	1,484	1,479	17,928
4	G-1	Industrial Firm	**Fiscal 2024 Bud**	221	221	221	221	221	221	221	221	221	221	221	221	2,652
5																
6	G-2	Commercial Interruptible	**Fiscal 2024 Bud**	2	3	2	3	3	4	2	2	2	2	2	2	28
7	G-2	Industrial Interruptible	**Fiscal 2024 Bud**	4	4	4	4	4	4	4	4	4	4	4	4	48
8	G-2	Public Authority Interruptible	**Fiscal 2024 Bud**	-	-	-	-	-	-	-	-	-	-	-	-	-
9																
10	T-3	Transportation Interruptible	**Fiscal 2024 Bud**	70	70	70	70	70	70	70	70	70	70	70	70	840
11	T-4	Transportation Firm	**Fiscal 2024 Bud**	122	122	122	122	122	122	122	122	122	122	122	122	1,464
12				178,031	179,188	179,682	183,255	182,079	183,367	182,562	182,244	179,869	178,881	177,824	176,190	2,163,172
13																
14			**Volumes**													
15																
16	G-1	Residential	**Fiscal 2024 Bud**	226,273	671,305	1,434,789	2,058,713	1,990,362	1,592,639	972,029	410,477	200,892	153,313	142,371	159,734	10,012,895
17	G-1	Commercial Firm	**Fiscal 2024 Bud**	255,375	336,624	674,776	987,381	953,997	761,305	488,322	234,914	162,790	149,100	134,936	213,909	5,353,426
18	G-1	Public Authority	**Fiscal 2024 Bud**	31,922	62,094	116,256	170,181	161,684	126,724	88,023	48,364	27,637	21,220	20,369	25,924	900,398
19	G-1	Industrial Firm	**Fiscal 2024 Bud**	27,027	45,311	91,150	133,510	135,146	93,014	66,154	32,315	22,115	19,969	17,872	21,253	704,837
20																
21	G-2	Commercial Interruptible	**Fiscal 2024 Bud**	146	630	985	1,912	1,861	2,113	825	367	84	25	25	32	9,005
22	G-2	Industrial Interruptible	**Fiscal 2024 Bud**	14,329	10,943	29,080	33,261	21,143	24,230	23,532	14,806	15,439	8,817	11,011	11,710	218,301
23	G-2	Public Authority Interruptible	**Fiscal 2024 Bud**	-	-	-	-	-	-	-	-	-	-	-	-	-
24																
25	T-3	Transportation Interruptible	**Fiscal 2024 Bud**	676,269	747,827	846,239	802,581	828,913	759,563	791,169	738,898	747,919	713,837	591,498	685,698	8,930,412
26	T-4	Transportation Firm	**Fiscal 2024 Bud**	560,042	615,961	766,185	718,101	890,462	824,442	733,337	628,376	574,066	543,477	548,376	561,511	7,964,337
27				1,791,383	2,490,695	3,959,460	4,905,640	4,983,569	4,184,030	3,163,391	2,108,516	1,750,942	1,609,759	1,466,458	1,679,771	34,093,613

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY

2023 PROJECT DETAILS

		No. of	Installation			Cost of Removal			Retirements		
Projects	Project Description	services	Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2636.N Cherry St Greenville	Replace 146' of 2" Mill Wrap Bare Joint, 5212' of 2" Bare Stl, 778' of Fusion Bond Epoxy, 88' of 2" Unknown coating, 736' of 2" Mill Wrap 407' of 3" Bare, 200'of 2" Epoxy, 15' of 2" PE, 498' of 4" Bare Stl, Install 8,080' of 2" HDPE 130 services.	130	722,565			$38,030					
	Contractor			419,900			22,100				
	Material			52,000	19,893						
	Overhead			103,960	4,382		4,869				
PRP.2636.W Campbell St	Replace 299' of 2" Steel unknown coating, 57' of 1" Bare Steel, 648' of 4" Epoxy, 135' of 4" unknown coating, 50' of 3" Mill Wrap, 2,770' of 4" Bare Steel , 245' of Mill Wrap Bare joint, 554' of 2" painted, 211' of 6" Mill Wrap, 550' of4" Mill Wrap, 14' of 3" Mill Wrap Bare joint, 312' of3" Bare Steel, 271' of 2" Epoxy, 486' of 2" Fusion Bond Epoxy, 3' of 2" PE, 103' of 1.25" Bare Steel, 1,224' of 2" Bare Steel, 102' of 6" Mill Wrap Bare joint, 91' of 6" unkown coating. Install 4,244' of 2" and 2,768' of 4" HDPE. 65 services	65	747,261			$39,330					
	Contractor			209,950			11,050				
	Material			26,000	9,946						
	Overhead			51,980	2,191		2,434				
PRP.2636.Oak St	Replace 201' of 1.25" Steel unknown coating, 427' of 2" Steel unknown coating, 1,405' of 2" Bare Steel, 123' of 4" Mill Wrap,277' of Mill Wrap, 1,225' of 3" Bare Steel, 197' of 2" Fusion Bond Epoxy, 1,428' of 4" Bare Steel, 31' of 4" PE, Install 3,887' of 2" and 1,428' of 4" HDPE. 62 services	62	570,084			$30,004					
	Contractor			200,260			10,540				
	Material			24,800	9,487						
	Overhead			49,581	2,090		2,322				
PRP.2636.Maple Dr	Replace 201' of 4" Steel unknown coating, 589' of 3" Bare Steel, 235' of 2" Steel unknown coating, 359' of 3" Painted, 71' of 4" Mill Wrap, 451' of 4" Bare Steel, 101' of 2" PE, Install 1,384' of 2" and 672' of 4" HDPE. 23 services	23	218,909			$11,522					
	Contractor			74,290			3,910				
	Material			9,200	3,519						
	Overhead			18,393	775		861				
PRP.W Depot St	Replace 125' of 2" Steel unknown coating, 269' of unknown diameter and unknown coating pipe, 276' of 4" Mill Wrap, 204' of 4" Painted, 65' of 2" Epoxy, 604' of 4" Bare, 909' of 2" Bare, Install 1,581' of 2" and 871' of 4" HDPE, 33 services.	33	272,399			$14,337					
	Contractor			106,590			5,610				
	Material			13,200	5,050						
	Overhead			26,390	1,112		1,236				
PRP.2635.Maple Street	Replace 1268' of 2" Epoxy,527' of 1.25 Bare Stl., 63' of 3" Epoxy, 218' of 2" N/A Plastic, 108' of 1" Bare Stl.,2491' of 2" Bare Stl., 1684' of 3" Bare Stl., 130' of 1.25 PE, Install 5359' of 2" HDPE 110 services	110	929,700			$48,932					
	Contractor			355,300			18,700				
	Material			44,000	16,832						
	Overhead			87,966	3,708		4,120				
PRP.2635.E Keigan St	Replace 5,570' of 2" Mill Wrap Bare Joint, 1,044' of 4" Mill Wrap Bare Joint, 201' of 2" Steel unknown coating, 76' of 2" Painted, Install 5,847' of 2" and 1044' of 4" HDPE. 95 services	95	686,640			$36,139					
	Contractor			306,850			16,150				
	Material			38,000	14,537						
	Overhead			75,970	3,202		3,558				
Adyl.2635.St Charles Replacement	Replace 612' of 1.25" Mill Wrap, 305' of 2" PE, 449' of 2" Aldyl-A and 8,718' of 1.25" Adlyl-A, Install 10,085' of 2" HDPE. 90 Services	90	1,134,333			$59,702					

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY

2023 PROJECT DETAILS

	Contractor			290,700			15,300
	Material			36,000	13,772		
	Overhead			71,972	3,034		3,371
PRP.2637.Washington St	Replace 219' of 1.25" Fusion Bond Epoxy, 392' of 2" PE, 111' of 2" Steel unknown coating, 411' of 2" Mill Wrap, 611' of 2" Bare Steel, 1,037' of Mill Wrap Bare joint, 4,430' of 4" bare Steel, Install 2,782' of 2" and 4,430' of 4" HDPE. 68 services	68	668,058			$35,161	
	Contractor			219,640			11,560
	Material			27,200	10,405		
	Overhead			54,379	2,292		2,547
PRP.2637.Hilldale Dr	Replace 66' of 3" Mill Wrap Bare joint, 216' of 2" PE, 703' of 3" Mill Wrap, 245' of 2" Bare Steel, 3,236' of 2" Mill Wrap Bare joint, 1,334' of 2" Mill Wrap, 40' of 2" Fusion Bond Epoxy, Install 6,116' of 2" HDPE. 80 services	80	501,116			$26,375	
	Contractor			258,400			13,600
	Material			32,000	12,242		
	Overhead			63,975	2,697		2,996
PRP.2637.Sunset Ave	Replace 99' of 2" Steel unknown coating, 20' of 6" Mill Wrap, 100' of 2" Bare Steel, 2,515' of 2" Mill Wrap, 1' of 2" Epoxy, 1' of 3" Epoxy, 3,560' of 6" Mill Wrap Bare joint, 931' of 3" Mill Wrap Bare joint, Install 3,668' of 2" and 3,560' of 6" HDPE. 92 services	92	704,072			$37,056	
	Contractor			297,160			15,640
	Material			36,800	14,078		
	Overhead			73,571	3,101		3,445
PRP.2637.Lone Oak 2	Replace 1,260' of 4" Steel unknown coating, 479' of 2" PE, 238' of 2" Steel unknown coating, 106' of 8" Mill Wrap, 1,928' of 8" Mill Wrap Bare joint, 1,711' of 2" Mill Wrap Bare joint, 171' of 2" Mill Wrap, 73' of Fusion Bond Epoxy, Install 2,672' of 2" , 1,260' of 4" and 2,032' of 8" HDPE 30 services	30	683,341			$35,965	
	Contractor			96,900			5,100
	Material			12,000	4,591		
	Overhead			23,991	1,011		1,124
PRP.2637.North 8th and 11th St	Replace 56' of 2" Steel unknown coating, 1,365' of 2" Mill Wrap Bare joint, 8' of 4" Mill Wrap, 1,465' of 2" Mill Wrap, 314' of 2" Fusion Bond Epoxy, 3,759' of 4" Mill Wrap Bare joint, 513' of 2" PE, 100' of 2" Epoxy, 18' of 4" Epoxy, Install 5,719' of 2" and 1,880' of 4" HDPE. 62 services	62	601,738			$31,670	
	Contractor			200,260			10,540
	Material			24,800	9,487		
	Overhead			49,581	2,090		2,322
PRP.2734.US 31W	Replace 978' of 1.25" Fusion Bond Epoxy, 12' of 2" Fusion Bond Epoxy, 462' of 4" Mill Wrap, 19' of 4" PE, 254' of 2" Epoxy, 108' of 1.25" Epoxy, 1,889' of 4" Bare Steel, 490' of 491' of 2" Mill Wrap, 778' of 2" Bare Steel, 30' of 2" PE, with 2,513' of 2" and 1,895' of 4" HDPE. 37 services	37	578,739			$30,460	
	Contractor			119,510			6,290
	Material			14,800	5,662		
	Overhead			29,588	1,247		1,386
PRP.2734.Schweizer Rd	Replace 25,500' of 8" high pressure Bare steel iInstall 25,500' of Fusion Bond Epoxy Steel, project will also includ a new Purchase Station , check meter , YZ odorzer, all electronics and a expanded station lot.	20	8,579,348			$451,545	
	Contractor			64,600			3,400
	Material			8,000	3,060		
	Overhead			15,994	674		749
Adyl.2736.Lincoln Ave	Replace 2,599' of 2" Adyl A, 3,407' of 2" PE, 1,002' of 1" Adly A, Install 7,008' of 2" HDPE. 53 Services	53	698,507			$36,764	
	Contractor			171,190			9,010
	Material			21,200	8,110		
	Overhead			42,384	1,787		1,985

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY

2023 PROJECT DETAILS

Adyl. 2736.Cunningham Ave	Replace 3,573' of 2" Adyl A, 5' of 2" PE, 100' of unknown Plastic, 2,399' of 1" Adyl A 5' od 1" PE, Install 6,100' of 2" HDPE. 80 services	80	475,579			$25,030					
	Contractor			258,400			13,600				
	Material			32,000	12,242						
	Overhead			63,975	2,697		2,996				
PRP.2738.Covington Ave	Replace 105' of 2" Epoxy, 1,210' of 2" Mill Wrap, 8' of 2" Stl., unknown coating, 2,072' of 4" painted, 1,514' of 2" Painted, 210' of 2" Mill Wrap Bare joint, 303' of 1.25" painted, 63' of 1.25" Fusion Bond Epoxy, 345' of 2" Hot Tar, 892' of Fusion Bond Epoxy, Install 6,722' of 2" HDPE 98 services.	98	672,708			$35,406					
	Contractor			316,540			16,660				
	Material			39,200	14,996						
	Overhead			78,370	3,304		3,670				
PRP.2737.Logan Ave	Replace 2,719' of 2" Mill Wrap Bare joint, 2,093' of 4" Mill Wrap Bare joint, 279' of 2" Bare Stl., 33' of 2" PE, Install 3,031' of 2" and 2,093' of 4" HDPE HDPE 92 services.	92	656,032			$34,528					
	Contractor			297,160			15,640				
	Material			36,800	14,078						
	Overhead			73,571	3,101		3,445				
PRP.2737.Portman St	Replace 546' of 2" Bare Stl., 5,215' of Mill Wrap Bare Joint, 489' of 2" Stl unknown coating, 1,132' of 2" Mill Wrap, 567' of 2" Mill Wrap Bare Joint, 100' of 2" PE, Install 2,301' of 2" and 3,817' of HDPE, 103 services.	103	737,557			$38,819					
	Contractor			332,690			17,510				
	Material			41,200	15,761						
	Overhead			82,368	3,472		3,857				
PRP.2737.Locust St	Replace 1,557'of 2" Bare Stl., 141' of 2" Hot Tar,324' of 2" Mill Wrap, 803' of Fusion Bond Epoxy, 970' of 4" Bare Stl.,Install 2,919' of 2" and 851' of 4" HDPE 88 services	88	436,750			$22,987					
	Contractor			284,240			14,960				
	Material			35,200	13,466						
	Overhead			70,373	2,967		3,296				
PRP.2737.Orchard St	Replace 809' of 2" Unknown coating, 2,252' of 2" Bare Stl., 1,382' of 2" Mill Wrap , 227' of 2" Hot Tar, Install 4,670' of 2" HDPE 98 services	98	504,607			$26,558					
	Contractor			316,540			16,660				
	Material			39,200	14,996						
	Overhead			78,370	3,304		3,670				
PRP.2738.Mulberry St	Replace 537' of 4" Epoxy, 1,949' of 6" Bare Stl., 151' of 2" Stl. Unknown coating, 67' of 4" Mill Wrap, 1,643' of of 2" Bare Stl., 72' of 2" Fusion Bond Epoxy, 602' of Mill Wrap Bare Joint, 384' of 2" Mill Wrap, 508' of 2" Painted, 361' of 2" PE, 159' of 2" Epoxy, Install 4,678' of 2" and 1,754' of 4" HDPE 90 services.	90	657,106			$34,585					
	Contractor			290,700			15,300				
	Material			36,000	13,772						
	Overhead			71,972	3,034		3,371				
	Total specific budgeted projects & bare steel functional		**22,437,148**	**7,526,042**	**317,255**	**1,180,903**	**352,459**	-	-	-	-
	Non specfic bare steel functional			55,223	2,328	-	2,586				
	Total budgeted 2023 projects		**22,437,148**	**7,581,265**	**319,583**	**1,180,903**	**355,045**	-	**3,708,968**	**2,133,914**	**126,159**

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORCASTED ACTIVITY

2024 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2634.Bell Dr	Replace 226' of 4" Steel unknown coating , 428' of 4" Mill Wrap, 1,084' of 2" Mill Wrap, 1,356' of 4" Painted, 918' of 3" Painted with 4,426' of 2" HDPE 59 services	59	450,779			$23,725					
	Contractor			200,099			10,532				
	Material			37,170	9,028						
	Overhead			53,670	2,042		2,382				
PRP.2634.Hall St	Replace 467' of 1.25" PE, 131' of 2" PE, 183' of 4" Unknown coating, 397' of 1.25" Mill Wrap, 3,034' of 4" Bare Stl., 17' of 4" Epoxy, 728' of 4" Mill Wrap, 238' of 2" Fusion Bond Epoxy, 132' of 4" Painted, 205' of 2" Unknown coating, 1,666' of 6" Bare Stl., 1,253' of 2" Mill Wrap, 79' of4" Fusion Bond Epoxy with 2,823' of 2", 4,041' of 4" and 1,666' of 6" HDPE. 132 Services	132	853,466			$44,919					
	Contractor			447,678			23,562				
	Material			83,160	20,199						
	Overhead			120,076	4,569		5,330				
PRP.2636.Omega St	Replace 251' of 2" Fusion Bond Epoxy, 17' of 2" Mill Wrap, 14' of 8" HDPE, 2,490' of 6" Mill Wrap Bare Joint with 281' of 2" and 2,490' of 8" HDPE. 51 Services	51	514,192			$27,063					
	Contractor			172,967			9,104				
	Material			32,130	7,804						
	Overhead			46,393	1,765		2,059				
PRP.2636.E 9th St	Replace 243' of 3" Hot tar, 23' of 3" mill Wrap, 79' of 3" Bare Steel, and 64' of 2" Mill Wrap with 408' of 2" HDPE. 2 Services	2	225,420			$11,864					
	Contractor			6,783			357				
	Material			1,260	306						
	Overhead			1,819	69		81				
PRP.2636.Walnut St	Replace 466' of 2" Bare Steel,188' of 6" Hot Tar, and 570' of 2" Hot Tar, 442' of 4" Epoxy, 26' of 6" Epoxy with 2324' of 2" HDPE. 16 Services	16	319,153			$16,798					
	Contractor			54,264			2,856				
	Material			10,080	2,448						
	Overhead			14,555	554		646				
PRP.2636.Davies St	Replace 401' of 2" Painted Steel with 401' of 2" HDPE. 5 Services	5	62,681			$3,299					
	Contractor			16,958			893				
	Material			3,150	765						
	Overhead			4,548	173		202				
PRP.2636.KY 171	Replace 3,266' of 4" Bare Steel with 3,266' of 4" HPD. 1 service	1	437,455			$23,024					
	Contractor			3,392			179				
	Material			630	153						
	Overhead			910	35		40				
PRP.2636.KY 1473 Phase 2	Replace 3,926' of 4" Bare Steel with 3,926' of 4" HDPE. 9 Services	9	646,114			$34,006					
	Contractor			30,524			1,607				
	Material			5,670	1,377						
	Overhead			8,187	312		363				
Adyl.2736.Nunn Blvd	Replace 2,923' of 1.25" Adyl A, 15' of 3/4" HDPE, 252 of 1.25" PE, 3,215' of 2" Adly A, 21' of 2" PE with 6427' of 2" HDPE. 62 Services	62	550,116			$28,953					
	Contractor			210,273			11,067				
	Material			39,060	9,487						
	Overhead			56,399	2,146		2,503				
Adyl.2736.Glendale Dr	Replace134' of 1" Adyl A, 5' of 2" PE, 2,855' of 2" Adyl A, 158' of 4" Mill Wrap with 3152' of 2" HDPE. 31 Services	31	370,711			$19,511					
	Contractor			105,137			5,534				
	Material			19,530	4,744						
	Overhead			28,200	1,073		1,252				
Adyl.2637.Marquess Dr	Replace 3,930' of 1.5" Adyl A, 1,169' of 2" Adyl A, 66' of 3" Adyl A, 3' of 3/4" HDPE and 135 of 2" HDPE with 5,469' of 2" HDPE. 88 Services	88	492,116			$25,901					
	Contractor			298,452			15,708				

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2024 PROJECT DETAILS

	Material			55,440	13,466		
	Overhead			80,050	3,046		3,553
Adyl.2735.Charles Moran Hwy	Replace 6,723' of 2" Adyl A, 314' of 2" PE, 3' of 3/4" PE with 3,765' of 2" and 4,039' of 4" HDPE. 65 Services	65	747,345			$39,334	
	Contractor			220,448			11,603
	Material			40,950	9,946		
	Overhead			59,128	2,250		2,624
PRP.2736.Greenville Rd	Replace 3,019' of 6" Bare Stl. With 3,019' of 2" PE 6 services	6	371,536			$19,555	
	Contractor			20,349			1,071
	Material			3,780	918		
	Overhead			5,458	208		242
PRP.2736.Means Ave	Replace97' of 4" MillWrap Bare Joint, 301' of 4" Painted, 139' of 2" Bare Steel, 1,410' of 4" Bare Steel, with 139' of 2" and 1,808' of 4" HDPE. 35 Services	35	443,141			$23,323	
	Contractor			118,703			6,248
	Material			22,050	5,356		
	Overhead			31,838	1,211		1,413
PRP.2736.E 2nd St	Replace 80' of 2 Bare, 176' of 1.25" Adyl A, 1' of 2" Steel unknown coating, 8' of 2" Epoxy, 1,029' of 4" Bare Steel. 11 Services	11	290,640			$15,297	
	Contractor			37,307			1,964
	Material			6,930	1,683		
	Overhead			10,006	381		444
PRP.2736.Church St	Replace 54' of 2" Epoxy, 889' of 1.50" Bare Stl., 330' of 2" Mill Wrap Bare Joint, 1,765' of 2" Painted Stl., 110' of 1.25" Bare Stl., 99' of 2" Fusion Bond Epoxy, 101' of 2" Stl unknown coating, 1,744' of 2" Bare Stl., with 5,093' of 2" HDPE. 66 services	66	542,901			$28,574	
	Contractor			223,839			11,781
	Material			41,580	10,099		
	Overhead			60,038	2,284		2,665
PRP.2736.Railroad St	Replace 38' of 2" Epoxy, 547' of 1.50" Bare Stl.,433' of 2" Mill Wrap Bare Joint, 2,234' of 2" Bare Stl., 185' of 1.25" Bare Stl., 99' of 2" Stl. Unknown coating, 1,531' of 2" Mill Wrap with 5,066' of 2" HDPE. 38 services	38	499,685			$26,299	
	Contractor			128,877			6,783
	Material			23,940	5,815		
	Overhead			34,567	1,315		1,534
PRP.2637.Hayes Ave	Replace 963' of 2" Mill Wrap, 1,094' of 1.25" Mill Wrap, 5,412' of 2" Mill Wrap Bare Joint, with 7,469' of 2" HDPE. 103 services	103	689,350			$36,282	
	Contractor			349,325			18,386
	Material			64,890	15,761		
	Overhead			93,695	3,565		4,159
PRP.2637.Bethel St	Replace354' of 2" Fusion Bond Epoxy, 224' of 2" Stl., unknown coating, 2,946' of 2" Mill Wrap, 3,232' of 2" Mill Wrap Bare Joint with 4,159' of 2" and 1,784' of 4" HDPE. 50 services	50	569,647			$29,981	
	Contractor			169,575			8,925
	Material			31,500	7,651		
	Overhead			45,483	1,731		2,019
PRP.2637.Cardinal Lane	Replace259' of 3" Bare Stl., 5,249' of 6" Mill Wrap Bare Joint, 105' of 2" Stl., unknown coating, 1,076' of 2" Mill Wrap Bare Joint, 1,239' of 2" Mill Wrap with 2,679' of 2" and 5,249' of 6" HDPE. 108 services	108	791,176			$41,641	
	Contractor			366,282			19,278
	Material			68,040	16,526		
	Overhead			98,244	3,738		4,361
PRP.2637.North 8th and 11th St	Replace 56' of 2" Steel unknown coating, 1,365' of 2" Mill Wrap Bare joint, 8' of 4" Mill Wrap, 1,465' of 2" Mill Wrap, 314' of 2" Fusion Bond Epoxy, 3,759' of 4" Mill Wrap Bare joint, 513' of 2" PE, 100' of 2" Epoxy, 18' of 4" Epoxy, with 5,719' of 2" and 1,880' of 4" HDPE. 62 services	62	777,216			$40,906	
	Contractor			210,273			11,067

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	Material			39,060	9,487		
	Overhead			56,399	2,146		2,503
PRP.2734.N Sunrise BG	Replace 2,237' of 2" Bare Stl., 7' of 4" Mill Wrap, 6' of 1.25" PE, 168 of 2' HDPE, 457' of 2" Mill Wrap, 37' of 2" PE, 577' of 3" Bare Stl., with HDPE 48 services.	48	421,563			$22,188	
	Contractor			162,792			8,568
	Material			30,240	7,345		
	Overhead			43,664	1,661		1,938
PRP.2734.Kenton St BG	Replace 167' of 2" Mill Wrap, 5' of 4" Epoxy, 176' of 1.25" Fusion Bond Epoxy, 1,292' of 4" Bare Stl., with 1,203' of 2" and 437' of 4" HDPE. 45 services	45	305,952			$16,103	
	Contractor			152,618			8,033
	Material			28,350	6,886		
	Overhead			40,935	1,558		1,817
PRP.2734.Johnson Dr BG	Replace 686' of 2" Bare Stl., 144' of 2" painted, 138' of 4" Painted, 661' of 3" bare Stl., 18' of 4" Epoxy 26 services	26	353,723			$18,617	
	Contractor			88,179			4,641
	Material			16,380	3,979		
	Overhead			23,651	900		1,050
PRP.2734.Pelham St Franklin	Replace 118' of 2" Bare Stl., 2' of 4" Mill Wrap, 101' of 2" Unknown coating, 280' of 4" Bare Stl., 203' of 2" Mill Wrap, 220' of 2" Painted with 526' of 2" amd 280' of 4" HDPE. 9 services	9	195,891			$10,310	
	Contractor			30,524			1,607
	Material			5,670	1,377		
	Overhead			8,187	312		363
PRP.2734.Hopkinsville St	Replace 63' of 2" Mill Wrap Bare Joint, 18' of 2" Mill Wrap, 237' of 2" Bare Steel, 47' of 3" Mill Wrap with 365' of 2" HDPE. 5 Services	5	86,167			$4,535	
	Contractor			16,958			893
	Material			3,150	765		
	Overhead			4,548	173		202
PRP.2735.E Main St	Replace 340' of 2" Bare Stl., 38' of 2" HDPE with 378' of 2" HDPE. 5 services	5	136,964			$7,209	
	Contractor			16,958			893
	Material			3,150	765		
	Overhead			4,548	173		202
PRP.2735. W Union St MUN	Replace150' of 1.25" Bare Stl., 98' of 1.25" Mill Wrap, 1,453' of 2" Bare Stl., 422' of 2" Mill Wrap with 2,124' of 2" HDPE. 22 services	22	315,122			$16,585	
	Contractor			74,613			3,927
	Material			13,860	3,366		
	Overhead			20,013	761		888
PRP.2735. Cherry St HC	Replace 465' of 1.25" Mill Wrap, 504' of 2" Bare Stl., 141' of 4" painted with 868' of 2" HDPE. 7 services	7	194,094			$10,215	
	Contractor			23,741			1,250
	Material			4,410	1,071		
	Overhead			6,368	242		283
PRP.2735.Hogan St PC	Replace 30' of 3/4" PE, 372' of 2" Bare Stl., 134' of 2" Mill Wrap, 116' of 2" Epoxy, 1' of 2" Fusion Bond Epoxy, 391' of 2" Stl. unknown coating with 897' of 2" HDPE 14 services	14	152,651			$8,034	
	Contractor			47,481			2,499
	Material			8,820	2,142		
	Overhead			12,735	485		565
PRP.2738.Shawnee Dr	Replace566' of 2" Bare Stl., 117' of 2" painted, 72' of 2" unknown coating, 2,978' of 3" Mill Wrap Bare joint, 973' of 2" Mill Wrap, 100' of 2" Epoxy with 4,807' of 2" HDPE. 74 services	74	472,711			$24,880	
	Contractor			250,971			13,209
	Material			46,620	11,323		
	Overhead			67,315	2,561		2,988
PRP.2738.W Court St	Replace 53' of 4" Mill Wrap, 105' of 2" painted, 106' of 2" Bare Stl., 116' of 2" Stl., unknown coating, with 379' of 2" HDPE. 5 services	5	203,367			$10,704	
	Contractor			16,958			893
	Material			3,150	765		

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	Overhead			4,548	173		202			
PRP.2738.E Grundy St	Replace 100' of 2" unknown coating, 320' of 2" Mill Wrap Bare Joint, 196' of 2" Bare Stl, 105' of 2" Fusion Bond Epoxy, 885' of 2" Mill Wrap, 48' of 2" Hot Tar, 1006' of 2" Painted, 2,335' of 4" Painted, with 5,116' of 2" HDPE, 76 services.	76	592,427			$31,180				
	Contractor			257,754			13,566			
	Material			47,880	11,630					
	Overhead			69,134	2,631		3,069			
PRP.2738.US 528	Replace 2,175' of2" Painted, 379' of 2" Mill Wrap, 1,168' of 4" Painted, 898' of 2" Epoxy, 1,181' of 4" Mill Wrap, 171' of2" Bare Stl., 10' of 2" Stl. Unknown coating, 224' of 2" Hot Tar, 320' of 2" Mill Wrap Bare joint with 5,304' of 2" and 1,220' of 6" HDPE 162 services.	162	1,229,406			$64,706				
	Contractor			549,423			28,917			
	Material			102,060	24,789					
	Overhead			147,365	5,607		6,541			
PRP.2737.Lancaster to Stanford	Project is for FY 2024 Landrights and Suvey only actual construction to begin FY 2025 a revision will be done for the construction. Replacing approximately 60,500' of 4" bare Steel with 8" FBE Steel.	-	2,009,472			$105,762				
	Contractor			-			-			
	Material			-	-					
	Overhead			-	-		-			
PRP.2737.Portman St	Replace 546' of 2" Bare Stl., 5,215' of Mill Wrap Bare Joint, 489' of 2" Stl unknown coating, 1,132' of 2" Mill Wrap, 567' of 2" Mill Wrap Bare Joint, 100' of 2" PE with 2,301' of 2" and 3,817' of 4" HDPE, 103 services.	103	754,342			$39,702				
	Contractor			349,325			18,386			
	Material			64,890	15,761					
	Overhead			93,695	3,565		4,159			
PRP.2737.Logan Ave	Replace 2,719' of 2" Mill Wrap Bare joint, 2,093' of 4" Mill Wrap Bare joint, 279' of 2" Bare Stl., 33' of 2" PE with 3,031' of 2" and 2,093' of 4" HDPE. 92 services.	92	657,882			$34,625				
	Contractor			312,018			16,422			
	Material			57,960	14,078					
	Overhead			83,689	3,184		3,715			
PRP.2737.Locust St	Replace 1,557'of 2" Bare Stl., 141' of 2" Hot Tar,324' of 2" Mill Wrap, 803' of Fusion Bond Epoxy, 970' of 4" Bare Stl., with 2,919' of 2" and 851' of 4" HDPE 88 services	88	429,638			$22,613				
	Contractor			298,452			15,708			
	Material			55,440	13,466					
	Overhead			80,050	3,046		3,553			
PRP.2737.W Walnut RR Crossing	Replace 345' of 2" Bare Steel, and 254' of 4" Bare Steel with 599' of 4" HDPE. This will be a Steel Cased Bore. 1 Service	1	298,990			$15,736				
	Contractor			3,392			179			
	Material			630	153					
	Overhead			910	35		40			
PRP.2737.Alton Rd	Replace 3,981' of 2" Bare Stl., 104' of 2" Stl unknown coating, 1,937' of 4" Bare Stl., 1,599' of 3" Bare Stl., with 5,842' of 2" and 1,779' of 4" HDPE 141 services.	141	788,717			$41,511				
	Contractor			478,202			25,169			
	Material			88,830	21,576					
	Overhead			128,263	4,880		5,693			
	Total specific budgeted projects & bare steel functional		**20,243,918**	**9,482,627**	**360,818**	**$1,065,469**	**420,900**			
	Non specfic bare steel functional			-11,674	18,367	-	(4,594)			
	Total budgeted 2023 projects		**20,243,918**	**9,470,953**	**379,185**	**1,065,469**	**416,306**	**2,950,291**	**2,593,895**	**150,003**