

November 22, 2024

Via Electronic Mail

Ms. Linda C. Bridwell, P.E.
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RE: *The Electronic Application of Atmos Energy Corporation To Establish PRP
Rider Rates for the Twelve Month Period Beginning October 1, 2024*
Case No. 2024-00226

Dear Ms. Bridwell:

Please find attached for electronic filing with the Commission, Atmos Energy Corporation's Response to Staff's First Request for Information.

This is to certify that the electronic filing was made on November 22, 2024 and there are no parties the Commission has excused from electronic filing procedures. Pursuant to prior orders, no paper copies of this filing are being made.

If you have any questions, please let me know.

Sincerely,

Heather S. Temple

Heather S. Temple

Enc.


BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

APPLICATION OF ATMOS ENERGY)
CORPORATION TO ESTABLISH PRP)
RIDER RATES FOR THE TWELVE MONTH) Case No. 2024-00226
PERIOD BEGINNING OCTOBER 1, 2024)

CERTIFICATE AND AFFIDAVIT


The Affiant, Timothy (Ryan) Austin, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.



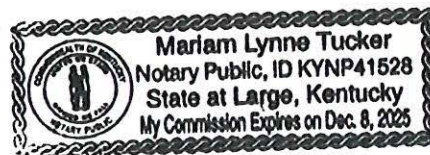
Timothy R. Austin

STATE OF KENTUCKY
COUNTY OF DAVIESS

SUBSCRIBED AND SWORN to before me by Timothy R. Austin on this the 21st day of November, 2024.



Notary Public
My Commission Expires: December 8, 2025



BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

APPLICATION OF ATMOS ENERGY)
CORPORATION TO ESTABLISH PRP)
RIDER RATES FOR THE TWELVE MONTH) Case No. 2024-00226
PERIOD BEGINNING OCTOBER 1, 2024)

CERTIFICATE AND AFFIDAVIT

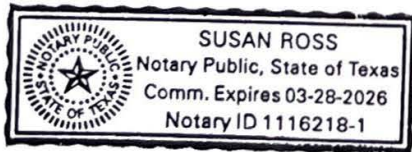
The Affiant, Joel J. Multer, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.



Joel J. Multer

STATE OF TEXAS
COUNTY OF DALLAS

SUBSCRIBED AND SWORN to before me by Joel J. Multer on this the 21st day of November, 2024.





Notary Public
My Commission Expires: 3.28.26

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

APPLICATION OF ATMOS ENERGY)
CORPORATION TO ESTABLISH PRP)
RIDER RATES FOR THE TWELVE MONTH) Case No. 2024-00226
PERIOD BEGINNING OCTOBER 1, 2024)

CERTIFICATE AND AFFIDAVIT

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



Brannon C. Taylor

STATE OF TENNESSEE
COUNTY OF WILLIAMSON

SUBSCRIBED AND SWORN to before me by Brannon C. Taylor on this the 19th day of November, 2024.



Notary Public
My Commission Expires: 01-24-2028



Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-01
Page 1 of 1

REQUEST:

Provide the expected federal tax expense or loss, on a standalone basis, for Atmos's operations for the years ending September 30, 2024, and September 30, 2025, including all revenue and expenses for regulated operations but excluding operating losses carried forward or backward from other years, and provide all work papers showing how the expected tax expense was calculated in each year in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

RESPONSE:

See Attachment 1 for Kentucky standalone federal income tax calculation for the year ended September 30, 2024 based on the Company's fiscal year 2024 provision calculation for year ended on September 30, 2024.

The Company does not have data readily available to produce standalone federal taxable income calculation for Kentucky operation for year ended September 30, 2025.

For book vs tax temporary differences projection, see Attachment 2 for the relied file in Case No. 2024-00276, tab "ADIT 009" for projected Accumulated Deferred Income Taxes for the year ended on September 30, 2025.

ATTACHMENTS:

Staff_1-01_Att1 - 2024 TI.xlsx

Staff_1-01_Att2 - KY ADIT - EDIT Tax Update June 2024.xlsx

Respondent: Joel Multer

Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-02
Page 1 of 1

REQUEST:

Identify the dollar amount of all capital projects allocated to Atmos's Kentucky operations and included as an addition to plant in service for Atmos's Kentucky operations in each of the fiscal years ending September 30, 2022, September 30, 2023, and September 30, 2024.

RESPONSE:

All capital projects for the Company's PRP filings are Kentucky direct investments, and there are no allocated projects.

In the process of preparing this response, the Company discovered an error in the amount of cost of removal and retirements included in the 2023 PRP reconciliation. See Attachment 1 and Attachment 2 for the revised PRP models that incorporate the cumulative impact of the error. Correcting the error increases the revenue requirement for the current filing by \$289,531. A comparison of rates to the original filing (which the Company is currently billing subject to refund) can be found on the tab labeled Exhibit A in Attachment 1. The Company has subsequently reviewed the amounts included in its PRP-related plant adjustments in Case No. 2024-00276 and determined that the adjustments are correct.

See Exhibits K-1 and K-2 of Attachment 1 for September 30, 2023 and September 30, 2024 amounts, respectively, for Kentucky direct PRP additions. The PRP capital project additions for fiscal year ending September 30, 2022 is approximately \$33,212,992, which includes the Aldyl-A projects approved by the Commission in Case No. 2021-00214.

The PRP investments for the fiscal year ending September 30, 2022 are not included in this filing and would instead have been reflected in the forecasted test period of the Company's previous general rate case, Case No. 2021-00214.

ATTACHMENTS:

Staff_1-02_Att1 - 2025 KY PRP Model.xlsx
Staff_1-02_Att2 - 2025 KY PRP True-Up Model.xlsx

Respondent: Brannon Taylor

Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-03
Page 1 of 1

REQUEST:

Identify the total change in federal deferred tax liabilities, whether an increase or decrease, from Atmos's Kentucky operation in the fiscal year ending September 30, 2024, and provide all work papers showing how the change in deferred tax liabilities was calculated in Excel spreadsheet format with all formulas, rows, and columns fully accessible, intact, and unprotected.

RESPONSE:

See Attachment 1, which illustrates the changes within the fiscal year for each deferred item as per Case No. 2024-00276 for projected Accumulated Deferred Income Taxes for year ended on September 30, 2024.

While there are books and records kept at divisional level, the Company prepares its tax calculations in consolidated workpaper for each and every deferred item, and maintains its NOL DTA balances in its Shared Service Division. To prepare and bifurcate the data for Kentucky division alone for all the deferred tax calculation workpaper would require the Company to overhaul and reorganize the extraction and preparation of its tax calculation workpaper. As a result, the Company does not have an Excel spreadsheet readily available to show the calculation for all the deferred tax items for Kentucky division alone. The Company also notes that, unlike other Kentucky utility companies, it conducts its utility operations in eight states through unincorporated operating divisions rather than a holding company structure in which a Kentucky (or Kentucky/Mid-States) division would be its own legal entity.

ATTACHMENT:

Staff_1-03_Att1 - FY'24 Federal Deferred Change.xlsx

Respondent: Joel Multer

Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-04
Page 1 of 1

REQUEST:

Identify all projected capital expenditures for Atmos's Kentucky operations in the fiscal year ending September 30, 2025.

RESPONSE:

For the Company's PRP filing, see Exhibit K-3 for a list of projected capital expenditures for fiscal year 2025. Although not a part of this filing, the Company has also submitted its projected non-PRP capital expenditures for fiscal year 2025 as Exhibit TRA-6 in Company witness Ryan Austin's testimony in Case No. 2024-00276 as part of the Company's base rate case proceeding where PRP rates are not being rolled into base rates.

Respondent: Brannon Taylor

Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-05
Page 1 of 1

REQUEST:

State whether Atmos is proposing a different annual PRP investment cap than the \$30 million currently in effect, and whether its request for waiver is for a specific one-time approval of an amount higher than \$30 million.

RESPONSE:

The Company's request in this proceeding is for a one-time waiver of the PRP annual investment cap for proposed fiscal year 2025 PRP investment for the bare steel projects individually listed on Exhibit K-3 in its application. A waiver of the \$30 million cap for 2025 in this proceeding does not affect the Commission's authority to review and approve the Company's proposed PRP filing and projects in this Case or future PRP filings.

In its separate base rate case proceeding, Case No. 2024-00276, the Company is requesting removal of the PRP cap for future PRP filings. Should the cap be removed on a going-forward basis for PRP projects, there would be no effect on the Commission's authority to review and approve future filings as determined by the Commission. To the Company's knowledge, it is the only utility in Kentucky that the Commission has imposed caps on its PRP investments.

Respondent: Brannon Taylor

Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-06
Page 1 of 1

REQUEST:

Provide Atmos's estimate of the annual PRP investment necessary to complete the replacement of the bare steel pipe on its system within the timeframe approved by the Commission.

RESPONSE:

Nearly half the remaining pipe is high pressure distribution or larger diameter pipe and require a more extensive planning process. Prior limitations on the PRP did not allow Atmos Energy to begin these projects prior to 2024, so completion by 2027 is impracticable, regardless of budget. If Atmos Energy's PRP is approved as filed, the Company estimates that it is practicable to complete the estimated bare steel replacement within the 2028 timeframe, and the current estimate is approximately \$48 million annually for 2026-2028.

Respondent: Ryan Austin

Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-07
Page 1 of 1

REQUEST:

Explain how long Atmos expects it will take to complete the replacement of the bare steel pipe, if Atmos's PRP investment is limited to the \$30 million annual cap.

RESPONSE:

Based on current estimates, the Company anticipates it would take approximately until the end of 2030 to complete the replacement of the bare steel pipe with an annual budget of \$30 million. Also see the response to Staff 1-06.

Respondent: Ryan Austin

Case No. 2024-00226
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-08
Page 1 of 1

REQUEST:

Explain whether Atmos identified its pipe replacement needs for the next five years, or longer, for both bare steel and Adyl-A pipe. If so, provide it. If not, explain why not.

RESPONSE:

The Company has identified in its system the need for replacement of bare steel and Adyl-A pipe. The priority of which areas are scheduled for replacement are reviewed annually and evaluated through our DIM and Risk Ranking assessments. There is not a multi-year static, ordered list of areas of replacement, as replacement priorities will change based on work completed and new information being input into the DIM and Risk Ranking assessment and updating of the models. As also noted in the Direct Testimony of Ryan Austin in Case No. 2024-00276, the Company has approximately 88 miles of bare steel after 2023 (and projected 64 miles remaining following 2024) and 199 miles of Adyl-A remaining in its Kentucky system, and the areas that contain that mileage are identified in the risk assessment each year.

Respondent: Ryan Austin