COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS ENERGY	)	
CORPORATION FOR AN ADJUSTMENT OF RATES;	)	Case No.
APPROVAL OF TARIFF REVISIONS; AND OTHER	)	2024-00276
GENERAL RELIEF	)	

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention ["OAG"], hereby submits the following Initial Data Requests to Atmos Energy Corporation ["Atmos" or "the Company"], to be answered by the date specified in the Commission's Orders of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Identify the witness who will be prepared to answer questions concerning each request.

(3) Repeat the question to which each response is intended to refer. The OAG can provide counsel for Atmos with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the Company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification

of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from counsel for OAG.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the Company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify OAG as soon as possible.

(10) As used herein, the words ''document'' or ''documents'' are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings;

calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the Company, state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

RUSSELL COLEMAN
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Certificate of Service

Pursuant to the Commission's Order dated July 22, 2021 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record.

This 8th day of November, 2024

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Assistant Attorney General

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1. Reference the Dobbs testimony at 7. Explain whether there are any additional processing charges customers could incur if they utilize Google Pay, Apple Pay, Amazon Pay, PayPal Credit or PayPal to pay their Atmos bills.

2. Reference the Taylor testimony at 4, wherein he states Atmos' demand of growing primarily through the addition of large customers. Provide system sales totals for the years 2022 through the latest figures for 2024 to date. Provide also projected figures for 2025 – 2027.

3. Reference the Taylor testimony at 23, wherein he states that if the Commission agrees to remove the cap on non-PRP capital spending, the Commission will still have the opportunity to review all of the Company's capital investment. Explain how the Commission will have the opportunity to conduct a review of the Company's between-rate case additions to rate base.

4. Explain whether the capital spending budget referenced at Taylor 24:1 will also provide full details for all between-rate case capital projects.

5. Provide the most recent version of the Company's Distribution Integrity Management Plan ("DIMP") and Transmission Integrity Management Plan ("TIMP"). Provide also any version(s) of the DIMP and TIMP in effect from the end of the last rate case until present.

6. Explain whether any of the proposed projects included for recovery in the PRP include transmission pipe. If so, identify all such sums, and explain how they relate to the Company's TIMP.

7. Reference the Austin testimony, Exhibit TRA-8. Explain whether the Pipeline and Hazardous Materials Safety Administration ("PHMSA") has any other updated notifications regarding the susceptibility to premature brittle cracking of older plastic pipe. If so, provide same.

8. Reference the Austin testimony at 6:17-21. Can Atmos confirm that its Kentucky customers require affordable rates? If Atmos cannot so confirm, explain why not.

    a. Reference also the Austin testimony at 12:20-21. Confirm that PHMSA has expressly stated: "States need to balance safety and <u>affordability</u>. They need to ensure that <u>the particular needs of their citizenry are fulfilled</u>."[1]

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[1] *Quoting* Notice of Proposed Rulemaking, "Pipeline Safety: Integrity Management Program for Gas Distribution Pipelines," 73 Fed. Reg. 36015 at 36017, June 25, 2008 [emphasis added].

9. Reference the Austin testimony at 9:9-12. Describe all penalties, fines or citations of any type or sort issued by US DOT, PHMSA or the Kentucky Public Service Commission to Atmos for failure to ". . . invest in risk control measures beyond core regulatory requirements."

10. Reference the Austin testimony at 9:14-20. Provide Atmos' most recent risk evaluation assessment.

11. Reference the Austin testimony at 10:23-11:4. Can Atmos confirm that it has complied with the seven (7) key elements of the Company's DIMP as set forth therein?

12. Explain how leakage rates are addressed and used in Atmos' DIMP and TIMP.

13. Does Atmos believe that PHMSA mandates that the Commission "rubber-stamp" every plan the Company develops for pipeline replacements? If so, cite the specific provision requiring such.

14. Reference the Austin testimony beginning at 14:2. Explain whether PHMSA has performed an inspection of Atmos' plans to comply with the intent of Section 114 of the PIPES Act of 2020, including the requirement that "[o]perators must also revise their plans to address the replacement or remediation of pipeline facilities that are known to leak based on their material, design, or past operating and maintenance history."[2]

    a. Confirm also that the above-referenced PHMSA Advisory Bulletin states: "Developing and implementing comprehensive written O&M plans is an effective way to eliminate hazardous leaks and minimize the release of natural gas from pipeline systems."[3]

15. Identify all High Consequence Areas (HCAs) in Atmos' service territory.

16. Explain to what extent Atmos is utilizing smart pigs in meeting its obligations under all applicable portions of the Mega Rule, in both HCA and non-HCA regions.

    a. Include in your explanation a discussion of whether Atmos is utilizing pigs that can operate in variable-diameter pipe segments. If not, why not?

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[2] *Quoting* PHMSA Advisory Bulletin ADB-2021-01, "Pipeline Safety: Statutory Mandate to Update Inspection and Maintenance Plans to Address Eliminating Hazardous Leaks and Minimizing Releases of Natural Gas from Pipeline Facilities," Docket No. PHMSA-2021-0050, June 4, 2021, p. 1.
[3] *Id*. at 6.

17. Have any studies been performed indicating that Atmos' transmission pipes could be piggable? If so, explain in detail, including under what circumstances they could be piggable.

18. Reference the Austin testimony at 14:11-14. Provide all facts upon which Mr. Austin bases his conclusion that Mega Rule Part 2 ". . . will also likely increase the quantity of pipe replaced each year."

19. Refer to the Direct Testimony of Ryan Austin at 13-14 wherein he describes the Mega Rule Part 1, Mega Rule Part 2, and Mega Rule Part 3. Confirm that each of the effective dates for Parts 1, 2, and 3 were in 2020, 2022, and 2023, respectively, and that each of the effective dates occurred prior to the beginning of the base year in this proceeding.

20. Confirm that the Company has complied with all requirements of the Mega Rule, including the rulemakings for Parts 1, 2, and 3 since it was enacted and has done so without a rider to recover the costs, specific or otherwise, such as the PM rider proposed in this case. If this is not correct, then provide a corrected statement and provide all support relied on for your response.

21. Refer to Exhibit TRA-5, which includes the Company's estimate of the proposed cost of the MAOP reconfirmations in fiscal years 2025 and 2026.

    a. Complete the schedule so that it includes the proposed cost of the MAOP reconfirmations in fiscal years 2027 through 2034.

    b. Provide the actual and proposed costs of the MAOP reconfirmations to date as of December 31, 2024, March 31, 2025, and each month during the 12 months ending March 31, 2026. Provide the related amounts included in rate base (GPIS, accumulated depreciation, and ADIT due to method/life differences), operating expenses (depreciation, O&M expense, A&G expense, taxes other than income tax expense), and the return on rate base included in the Company's requested base rate increase. Provide all support relied on for your response, including, but not limited to, all assumptions, data, and calculations in live Excel format with all formulas intact.

22. Refer to the Direct Testimony of Ryan Austin at 26-27 wherein he describes the non-PRP capital investment caps.

    a. Confirm that the caps imposed by the Commission are not "hard" caps, meaning that costs incurred in excess of the caps are not simply disallowed, but must be justified, reasonable, and consistent with its TIMP and DIMP in order to qualify for recovery. If denied, then explain in detail why the caps imposed by the Commission are "hard" caps, meaning that costs incurred in excess of the caps will simply be disallowed and cannot or will not qualify for recovery.

b. Confirm that the Company has incurred capital investment costs in each of the most recent six years that were incurred for "growth and economic development, system reliability, [and] facilities necessary to serve industrial customers," and not incurred specifically to comply with its TIMP and DIMP. If confirmed, then provide the amounts in incurred in each of the most recent six years incurred for growth and each of the other categories that were not specifically incurred to comply with its TIMP and DIMP.

c. Confirm that all costs are subject to review in a base rate proceeding and are subject to disallowance if they are not justified, reasonable, and consistent with the Company's TIMP, DIMP, and other legal and business requirements.

d. Indicate if the Company believes its burden of proof is different for costs in excess of the Commission's caps on non-PRP capital investment compared to all other costs. If so, describe the burden of proof the Company believes it has with respect to the non-PRP capital investment in excess of the Commission's caps and how it differs from the burden of proof for the costs incurred up to the caps and other costs not specifically subject to the caps.

e. Confirm that the Company has an obligation to provide utility service on a non-discriminatory basis, to comply with all applicable laws, to act prudently and reasonably, and to charge fair, just, and reasonable rates. If denied, then provide a corrected statement and provide all support for your response.

23. Refer to the Direct Testimony of Ryan Austin at 29 wherein he states: "With the current non-PRP caps on capital investment in place, the Company is unable to commit to being able to serve these projects and commit to long-term gas availability and service. Beyond these large projects, the Company needs to be able to continue to serve small businesses and residential growth in its service area that is both organic and also results when new industries locate to town."

    a. Has it been and is it now the Company's position that it cannot and will not serve "these projects" with the non-PRP capital investment caps in place? Provide all support for your response.

    b. Identify each of the new industrial and large commercial loads the Company has added in the most recent six years, provide the capital investment incurred to serve each of the new loads, and the date each of the new loads were added to the system.

24. Refer to the Direct Testimony of Ryan Austin at 30 wherein he states: "I can think of several thriving areas in our service territory that are outgrowing the capacity of our system: Bowling Green, Hopkinsville, and the Shelbyville / Lawrenceburg / Springfield area. In all of these areas, there are several existing and potential industrial projects that would bring investment and jobs to the region. However, if Atmos Energy needed to make capital investment in the region to support that growth, our budget would be limited by the cap on non-PRP spending and not justifiable by DIMP as ordered by the Commission, and necessary system maintenance and safety projects that would have to take precedence." Provide all support for that claim, along with a list of each such project that was denied funding, and each such customer that was denied service to support its growth. If none, then so state.

25. Refer to the Direct Testimony of Ryan Austin and his assertion that completion of the bare steel pipe replacement will extend beyond 2027. Provide the Company's timeline starting in January 2024 and continuing through the forecast completion date, listing the remaining projects, the schedule for completion for each such project, and the costs for each such project by month.

26. Provide the Company's timeline starting in January 2024 and continuing through the forecast completion date, to replace all existing Aldyl-A pipe by project/location and the cost by fiscal year to complete the replacement under the two scenarios where (a) the Aldyl-A costs are replaced on an accelerated timeline and included in the PRP and (b) the costs are incurred in the same manner they are incurred today and are not included in the PRP, except on a project by project basis. Provide all support for your response, including the assumptions, sources and bases for the assumptions, cost estimates, and all other data relied on for this timeline and the related cost estimates. In addition, explain why the Company did not provide this information in either Case 2024-00226, the pending PRP proceeding, or in this proceeding. Further, confirm the Company agrees this information provides useful information for the Commission to consider as it evaluates the Company's requests in this proceeding.

27. Explain whether Atmos in its Kentucky operations utilizes any gathering lines. If so, explain whether Atmos requires any additional costs associated with any part of the Mega Rule applicable to gathering lines onto the customers who utilize the gathering lines. If not, explain fully why not.

28. Confirm that Atmos intends no change to its existing research and development charge of $0.0174 per mcf.

29. Refer to Atmos's application in Case No. 2024-00340 for approval of a special contract between Atmos and Owens-Brockway Glass Container Inc. Describe all

possible impacts that this potential special contract could have on the average residential customer's bill. If none, describe why not.

30. Provide a trial balance, including all income statement and balance sheet accounts and subaccounts for each month January 2021 through the most recent month in 2024 for which actual information is available. Provide a detailed description of the costs included in each account and subaccount that are not specifically listed in the FERC Uniform System of Accounts ("USOA").

31. Refer to the removal of Supplemental Executive Retirement Plan ("SERP") costs performed on Schedule F.9 related to employees at Divisions 02 and 91. Confirm that there were no SERP costs included in the test year O&M expenses related to employees at the Kentucky Division (09) or the Shared Services Division (12). If not confirmed, provide the amounts by division and the amounts directly incurred or allocated to the Kentucky Division and included in test year O&M expenses.

32. Refer to the removal of Supplemental Executive Retirement Plan ("SERP") costs performed on Schedule F.9 related to employees at Divisions 02 and 91. The SERP expense before allocation in the forecasted period for Division 2 was reported as $697,807. Refer also to the SERP costs of $1,260,382 reported for the forecasted period on Schedule G.3. Explain all reasons why the two amounts are different and reconcile the two amounts.

33. Identify and describe each of the affiliates/subsidiaries of Atmos Energy Corporation, Inc. ("AEC") that comprise the affiliate group included in the AEC consolidated federal tax return.

34. Provide a schedule showing the history of the taxable income and losses for AEC and each affiliate/subsidiary in total and separated into utility, nonregulated, and other for each month, each quarter, each fiscal year, and each calendar year since January 2021 through the end of the test year in this proceeding. Indicate whether AEC and each affiliate/subsidiary maintain sufficiently detailed records to record the taxable income and losses by: i) utility, nonregulated, and other, and/or ii) rate division, or if these determinations must be determined after the fact.

35. Indicate what efforts are taken by AEC and each affiliate/subsidiary to track temporary differences, and thus, taxable losses and the related asset NOL ADIT, due to identifiable events, such as specific storms, that affect specific rate divisions and for which it tracks and assigns the related liability deferred tax for the same

identifiable event. Provide a copy of all documentation of this process, if any. If none, then so state.

36. If there is a temporary difference due to an identifiable event, such as a specific storm, confirm that the Company agrees that the taxable losses and the related effects on the AEC liability ADIT and the offsetting asset NOL carryforward ADIT should be assigned to the same rate division, not assigned or allocated to rate divisions in a disparate manner. If denied, then explain why the Company disagrees with this premise. Provide all authoritative support for your response.

37. Indicate what efforts are taken by AEC and each affiliate/subsidiary to track temporary differences, such as method/life depreciation differences, taxable losses, asset NOL ADIT, and any asset NOL ADIT subject to normalization requirements for each of the divisions 9, 2, 12, and 91 on a monthly, quarterly, and/or annual basis or if this is done only in conjunction with rate case filings, such as the pending proceeding. Provide a copy of all documentation of this process.

38. Confirm the Company agrees that the NOL ADIT normalization requirements apply only to method/life temporary differences on the margin used in the calculation of taxable losses in each tax year that contributed to the NOL ADIT. If denied, then provide a corrected statement, the reasons for the corrected statement, and all support for your response.

39. Describe how AEC, each affiliate/subsidiary, and each of the divisions 9, 2, 12, and 91 calculate and record changes in the NOL carryforward and related ADIT each month and each quarter throughout AEC's fiscal year. Provide a copy of all documentation of this process. If AEC, each affiliate/subsidiary, and each of the divisions 9, 2, 12, and 91 rely on an estimate of fiscal year taxable income or loss at the beginning of the year, then describe how they make this estimate and how they record the effects and/or changes and/or true-ups of this estimate throughout the fiscal year. Provide a copy of all documentation of this process.

40. Refer to the Excel workbook KY_ADIT_-_EDIT_Tax_Update_June_2024 provided in response to Staff First Set of Data Requests.

    a. Provide a version of the Excel workbook with all formulas intact in all cells, including references to other worksheets within the workbook and to other worksheets and cells within other Excel workbooks and a copy of each other referenced Excel workbook in live format with all formulas intact.
    b. Refer to tab KY ADIT 2024 filing. Provide a narrative discussion of the purpose of this schedule, the amounts reflected on each line, the source of the

amounts reflected on each line and the use of the amounts in the calculation of the ADIT subtracted from rate base in the filing.

c. Refer to tab ADIT 002. Confirm that positive amounts indicate DTAs and negative amounts indicate DTLs. If this is not correct, then provide a corrected statement and all support relied on for the corrected statement.

d. Refer to tab ADIT 002 and to rows 47, 48, and 49 that provide the monthly account 190 ADIT amounts for "FD-NOL Credit Carryforward – Non Reg," "FD-NOL Credit Carryforward – Utility," and "FD-NOL Credit Carryforward – Other," respectively. Provide a detailed description of the methodology used to disaggregate or separately determine the actual and projected NOL carryforward amounts for nonregulated utility, and other. Provide a copy of all internal documentation and/or guidelines that document or otherwise address this methodology.

e. Provide the tax depreciation and book depreciation temporary differences separately for AEC, AEC-NonReg, AEC utility, AEC other, and each AEC utility division for each tax year in which the NOL carryforward from that vintage year remains in the present NOLC in each month of the base year and continuing on through the end of the test year. In addition, provide the allocations of these temporary differences from each division to Division 009 for each of those tax years. Provide all support, including Excel workbooks in live format and with all formulas intact.

f. Provide the taxable income (loss) for AEC, AEC-NonReg, AEC utility, AEC other, and each division for each tax year in which the NOL carryforward from that vintage year remains in the present NOLC in each month of the base year and continuing on through the end of the tax yar, the NOLC balance for each entity/division at the end of each of those tax years by vintage year, the utilization by each entity/division of prior year NOLCs by vintage year in the tax years in which there was taxable income before such utilizations. In addition, provide the allocations of these amounts from each division to Division 009 for each of those tax years. Provide all support, including Excel workbooks in live format and with all formulas intact.

g. Confirm that only the method and life differences between tax accelerated and straight-line depreciation are relevant in the determination of whether there is a normalization violation for failure to include some or all of the NOLC DTA in rate base. Explain your response and provide all support relied on for your response.

h. Provide a narrative description of how AEC calculates or will calculate the *minimum* NOLC DTA that must be included in the AEC Kentucky rate base in the base year and in the test year in this proceeding in order to avoid a normalization violation.

i. Provide a calculation of the *minimum* NOLC DTA that must be included in the AEC Kentucky rate base in the base year and in the test year in this proceeding in order to avoid a normalization violation. Provide the calculations in an Excel workbook in live format with all formulas intact.

41. Refer to the Direct Testimony of Mr. Waller at 9:3-7, wherein he describes starting with June 30, 2024 per books net plant (gross plant and accumulated depreciation account balances) and adjusting out balances for assets that the Company recovers through its PRP mechanism.

    a. Provide the file name(s) and cell references for the location(s) of these adjustments in the electronic filing schedules or accompanying electronic workpapers.

    b. Provide the amounts of gross plant, by plant FERC account, and accumulated depreciation that were adjusted out.

42. Provide the amount of PRP, Non-PRP, and Pipeline Modernization ("PM") investment at the end of each actual fiscal year starting in 2019 and going through 2024, projected base year, projected 2025, and projected test year, distinguished between Kentucky division-only investment and investment allocated from each of the other divisions. Separate amounts related to PRP pipe replacement investment between bare steel and other, such as the requested reflection of Aldyl-A pipe in the PRP.

43. Provide the monthly amounts of PRP, Non-PRP, and PM investment actually incurred during fiscal years 2023 and 2024 and projected for the remainder of 2024, 2025, and 2026.

44. Refer to the Direct Testimony of Mr. Austin Taylor at pages 18-19 regarding the replacement of transmission pipeline. Provide an annual forecast of the replacement costs, miles per year, and overall timeline required to replace the transmission pipeline already identified to be replaced to help comply with the Mega Rule.

45. Refer to the Direct Testimony of Mr. Taylor at pages 18-19 regarding the Commission's limitations on non-PRP capital spending. Provide the amount of non-

PRP spending for each year, based on the Commission's current limitations, starting in 2019 and going through 2023, projected 2024, projected 2025, and projected 2026, distinguished between Kentucky division-only investment and investment allocated from each of the other divisions. Be sure to provide the calculations of the applicable historic average or 5-year rolling average amounts for each year.

46. Refer to the Direct Testimony of Mr. Taylor at pages 18-19 regarding the Commission's limitations on non-PRP capital spending. Provide the amounts of non-PRP spending for each year that exceeded the Commission's currently stated limitations, and explain whether those plant costs have been included in the revenue requirement, and if so, on what basis.

47. Refer to the Direct Testimony of Mr. Christian at page 13. Provide the PRP investment projected for each quarter during calendar year 2022 separated between bare steel and Aldyl-A pipe replacement. In addition, identify the 2022 amounts included in the test year in the instant proceeding and the amounts to be included in the PRP filing.

48. Refer to the Direct Testimony of Mr. Austin at page 42 regarding the estimated remaining 88 replacement miles of bare steel at the end of "CY24."

    a. Provide the date used for the estimated 88 remaining miles of bare steel to be replaced.

    b. Provide the latest estimates of the replacement miles each year, and the estimated costs each year, to complete the bare steel replacement with and without the $30 million annual capital spending limitation imposed as a result of the Commission's Order in Case No. 2023-00231.

49. Provide the Company's most recent estimates of the replacement miles and investment required to replace the Aldyl-A pipe by year.

50. Refer to the Direct Testimony of Mr. Austin at page 46 regarding the estimated 199 miles of Aldyl-A pipe replacement that the Company seeks to add to the Pipe Replacement Program ("PRP").

    a. Provide the average annual investment currently estimated, and in total, in order to replace the Aldyl-A pipe.

    b. Provide the estimated investment costs per mile to replace the estimated 199 miles of Aldyl-A pipe.

c. Provide the estimated start date of the Aldyl-A pipe replacement should the Commission approve the Company's request. Explain the source of this starting point and explain how the answer is or in not dependent on whether the capital spend limitation is removed by the Commission.

d. Provide the estimated number of miles of Aldyl-A pipe replacement each year until the full replacement would be complete.

51. Provide a schedule of the amortization expense and remaining balance associated with each regulatory asset and each regulatory liability for each month for the years 2021 through 2023, for each actual month during 2024, and for each month projected for the remainder of 2024 and continuing through the end of the test year. In addition, provide the amortization period and the Case No. in which the Commission approved the recovery and the amortization period, if any. If there was no regulatory asset and/or no regulatory liability amortization in the years prior to the test year and the amortization expense in the test year relates only to new deferrals for which recovery is requested in this case, so state.

52. Provide the month-end amounts of accounts payable associated with materials and supplies inventory amounts for each month from September 2023 through September 2024.

53. Provide the monthly balance of materials and supplies inventories, including all activity, starting with the beginning balance; plus third party vendor purchases; minus withdrawals; plus and minus other changes during the month; and ending balance for each month from September 2023 through September 2024.

54. Provide the month-end amounts of accounts payable associated with gas stored underground inventory amounts for each month from September 2023 through September 2024.

55. Provide the monthly balance of gas stored underground inventory, including all activity, starting with the beginning balance; plus third party vendor purchases; minus withdrawals; plus and minus other changes during the month; and ending balance for each month September 2023 through September 2024.

56. Provide the month-end amounts of accounts payable associated with construction work in progress for each month from September 2023 through September 2024.

57. Provide the monthly balance of construction work in progress for each division 9, 2, 12, and 91, including all activity, starting with the beginning balance; plus capital expenditures; minus closings to plant in service; plus and minus other changes during

the month; and ending balance for each month September 2023 through September 2024.

58. Refer to Mr. Christian's cash working capital summary included on Exhibit JTC-4 (Schedule ATO-CWC1A), page 2 of 28. Refer further to line 6 depicted as O&M, Non-Labor.

    a. Provide the materials and supplies expense included in line 6 that was the result of withdrawals from inventories and not due to direct purchases from vendors that never were included in inventories.

    b. Provide the materials and supplies expense included in line 6 that was the result of direct purchases from vendors that never were included in inventories.

    c. Provide the amortization expense in the test year associated with the amortization of prepayments included in line 6.

    d. Provide the O&M clearing account depreciation expense in the test year included in line 6.

59. Refer to Mr. Christian's cash working capital summary included on Exhibit JTC-4 (Schedule ATO-CWC1A), page 2 of 28. Refer further to line 2 depicted as Purchased Gas.

    a. Provide the purchased gas expense included in line 2 that was the result of withdrawals from inventories and not due to direct purchases from vendors that never were included in inventories.

    b. Provide the purchased gas expense included in line 2 that was the result of direct purchases from vendors that never were included in inventories.

60. Provide a copy of the cash working capital calculations included in the most recent rate case filings by other AEC utility divisions. For those calculations that include the return on equity as a line item, indicate whether it was addressed and/or approved by the regulator and, if approved, whether it was approved directly (affirmatively by addressing it in the Order) or indirectly (without addressing it in the Order).

61. Refer to Schedules D.1, D.2.1, D.2.2, and D.2.3 of the Rev Req Model showing adjustments to revenues and expenses.

    a. Provide the electronic workpapers supporting these schedules.

b. Disaggregate each of the revenue amounts shown on these schedules into base, PGA, PRP, and each other rider revenue components.

62. In regards to PHMSA inspection expenses, respond to the following questions:

    a. Provide the PHMSA inspection expense incurred in each fiscal year 2020 through 2024, budgeted for 2025, the base year, and the test year by FERC O&M expense account/subaccount separated into one-time (baseline) inspection expenses and ongoing inspection expenses and in total for each category for each year. Provide a five-year forecast of one-time (baseline) and ongoing inspection expenses by year from 2025 through 2029 by FERC O&M expense account/subaccount and in total for each category by year.

    b. Confirm that the Company agrees certain of the PHMSA inspection expenses were and are being incurred to establish a baseline for inspection, correction, and reporting purposes. Identify and describe each category of these expenses.

    c. Confirm that the Company agrees that certain of the PHMSA inspection expenses are ongoing, but periodic. Identify and describe each category of these expenses. To the extent possible, describe the frequency required for each major type of PHMSA inspections.

63. Provide a schedule showing the total costs incurred by the Shared Services Divisions (Divisions 2 and 12) by cost allocation pool and the amounts charged to each affiliate, sub affiliate, or division by FERC O&M and A&G expense account for the fiscal year ended September 30, 2024. Be sure to separate out the costs allocated via each of the different allocation factors including, but not limited to, the Composite Allocation Factor. Provide the information in electronic format with all formulas intact.

64. Provide a list and sum total of Shared Services Divisions (Divisions 2 and 12) allocation amounts using the Composite Allocation Factor charged to the Kentucky/Mid-States Division by FERC O&M and A&G expense account for the fiscal year ended September 30, 2024. Include the FERC account description as well as the account number. Provide the information in electronic format with all formulas intact.

65. Refer to ADJ 5 on Schedule D.2.2 which shows the base and test year amounts of allocations to the Atmos – Kentucky division from the shared service unit and division general office of $15,853,822 and $18,251,309, respectively. Describe all

reasons why the allocated expenses to the Atmos – Kentucky division increases by $2,397,488, or 15.1%, and why that projected increase amount should be considered reasonable.

66. Refer to the Direct O&M expenses and Allocated O&M expenses from 2019 through 2028 reflected on Schedule I.1, which are summarized in $ Millions below.

	Direct O&M	Allocated O&M
Calendar Year 2019	18.981	12.487
Calendar Year 2020	15.673	12.950
Calendar Year 2021	19.495	13.806
Calendar Year 2022	17.205	12.755
Calendar Year 2023	17.558	13.458
Base Year 12/31/2024	17.683	15.854
Test Year 3/31/2026	15.067	18.251
Fiscal Year 2026	21.186	15.597
Fiscal Year 2027	21.882	16.110
Fiscal Year 2028	22.658	16.681

a. Describe all reasons why the test year Direct O&M expenses decreased by $2.616 million from the base year and why the test year Allocated O&M expenses increase by $2.397 million over the base year.

b. Describe all reasons why the Allocated O&M expenses increased by such a large percentage, 17.8%, from calendar year 2023 to the calendar year base year ended 12/31/2024.

c. Describe all reasons why the Allocated O&M expenses increased by such a large percentage, 15.1%, from the calendar year base year ended 12/31/2024 to the test year ended 3/31/2026 and then decrease by a similar percentage from the test year to the fiscal year 2026.

67. Refer to the Other Income section on Schedule I.1 that lists amounts each year for Performance Based Rates, $3 million in the test year. Explain what is captured in this line item and explain why it is reflected below-the line for ratemaking purposes.

68. Refer to the comparative income statement provided as Schedule I.1. Indicate separately whether the PRP revenues, depreciation expense, and ad valorem taxes expense are included in this income statement, and if so, how and where they are included.

69. Refer to the table showing budgeted and actual O&M expenses by fiscal year from 2013 through 2023 on page 21 of Mr. Waller's testimony. Provide similar budgeted and actual O&M data pertaining to the fiscal year 2024.

70. Refer to ADJ 1 on Schedule D.2.2 which shows the base and test year amounts of labor and benefit costs for the Kentucky operations of $7,055,733 and $7,992,924, respectively. Describe all major reasons why these expenses are expected to increase by such a large amount, $937,190, or 13.3%, from the base year to the forecast test year and why that level of increase should be considered reasonable.

71. Refer to the allocation percentages shown on Exhibit GWK-2 Allocation Factors for the 2024 fiscal year based on cost data for the twelve months ended September 30, 2023. Provide the same data and allocation percentage calculations to be used for the 2025 fiscal year, starting October 2024, based on cost data for the twelve months ended September 30, 2024. This request includes information related to each of the divisions that make up the Mid States Division. Provide in electronic format with all formulas intact.

72. Refer to Exhibit GKW-3, which shows base year and test year allocated O&M amounts by division and cost element and the difference in the test year compared to the base year. Confirm that the Company removed all incentive compensation expense tied to financial performance from the test year revenue requirement, including any type of short-term cash incentive awards and any type of stock awards, such as restricted stock units. If not, identify and quantify the amount of any other incentive compensation remaining in the test year.

73. Refer to Exhibit GKW-3, which shows base year and test year allocated O&M amounts by division and cost element. Provide a similar schedule which reflects the actual O&M expenses by cost element for the fiscal years ended September 30, 2021, September 30, 2022, September 30, 2023, and September 30, 2024.

74. Refer to Exhibit GKW-3, which shows base year and test year allocated O&M amounts by division and cost element and the difference in the test year compared to the base year. The total labor and benefit expenses (direct and allocated) in the test year, before any proforma adjustments, reflected an increase in expense of 12.8% as depicted in the data below:

	Base Year	Test Year	Difference
Labor	$12,503,414	$14,070,026	$1,566,612
Benefits	$2,779,729	$3,908,255	$1,128,526
Employee Welfare	$2,540,404	$2,122,942	($417,462)

Total	$17,823,547	$20,101,223	$2,277,676
Increase – Test Year Over Base Year			12.8%

a. Explain all reasons why the labor, benefits, and employee welfare expenses increased by 12.8% on a net basis from the base year to the test year.

b. Indicate whether there are other labor, benefits, and employee welfare expense amounts that are reflected in Exhibit GKW-3 that are not reflected in the three costs elements depicted in the table above. If there are any, identify and explain.

c. Indicate the percentages of average raises given during 2021, 2022, 2023, and 2024 and projected for 2025 and 2026.

d. Provide the actual expense amounts of these three cost elements for each fiscal year ended September 30, 2022, September 30, 2023, and September 30, 2024.

75. Refer to the comparative payroll analysis provided in the filing as Schedule G-2 for the years 2019 through the forecasted test period.

a. Provide the budgeted and actual Kentucky operation employee levels each month for each year 2019 through the last month in 2024 with available data.

b. Provide the budgeted and actual Mid States general office employee levels each month for each year 2019 through the last month in 2024 with available data.

c. Provide the budgeted and actual shared services employee levels each month for each year 2019 through the last month in 2024 with available data.

d. Indicate whether this analysis applies to just the Kentucky operations employees or whether it applies to a broader group of employees. If not only Kentucky operations employees, describe.

76. Refer to Schedule C-2.2.2 B 09 and to Schedule C-2.2.2-F 09, which show base year and test year expenses by FERC account for each month and in total for the Kentucky division 9. Refer further to the monthly amounts listed for account 9220 on each that is described as A&G-Administrative expense transferred-Credit.

a. Describe the amounts that are depicted on these schedules in account 9220 A&G-Administrative expense transferred-Credit.

b. The actual amounts listed on Schedule C-2.2.2 B 09 for the first six months of the base year sum to $6,712,907, which equates to a monthly average of $1,118,818. The budgeted amounts listed on Schedule C-2.2.2 B 09 for the last six months of the base year sum to $9,140,921, which equates to a monthly average of $1,523,487. Explain all reasons why the budgeted average monthly amounts for this account during last six months of the base year increase by 36.2% over the actual average monthly amounts during the first six months of the base year. ($1,523,487 - $1,118,818 = $404,669/$1,118,818 = 36.2%).

c. The forecasted amounts listed on Schedule C-2.2.2-F 09 for the twelve months of the test year sum to $18,251,309, which equates to a monthly average of $1,520,943. Explain all reasons why the forecasted average monthly amounts for this account during the test year increase by 35.9% over the actual average monthly amounts during the first six months of the base year. ($1,520,943 - $1,118,818 = $402,125/$1,118,818 = 35.9%).

77. Refer to Schedule C-2.2.2 B 91 and to Schedule C-2.2.2-F 91, which show base year and test year expenses by FERC account for each month and in total for the Mid States General Office division 91. Refer further to the monthly amounts listed for account 9030 on each that is described as Customer accounts-Customer records and collection expenses. Finally refer to the total amount allocated to the Kentucky division 9 on the last line of each schedule (line 52).

a. The actual amounts listed on Schedule C-2.2.2 B 91 for the first six months of the base year for account 9030 sum to $1,258,537, which equates to a monthly average of $209,756. The budgeted amounts listed on Schedule C-2.2.2 B 91 for the last six months of the base year for account 9030 sum to $3,258,307, which equates to a monthly average of $543,051. Explain all reasons why the budgeted average monthly amounts for this account during the last six months of the base year more than double the actual average monthly amounts during the first six months of the base year.

b. The forecasted amounts listed on Schedule C-2.2.2-F 91 for the twelve months of the test year for account 9030 sum to $7,502,264, which equates to a monthly average of $625,189. Explain all reasons why the forecasted average monthly amounts for this account during the test year almost triple the actual average monthly amounts during the first six months of the base year. ($625,189 per month versus $209,756).

c. The actual total allocated amounts to the Kentucky division 9 listed on line 52 on Schedule C-2.2.2 B 91 for the first six months of the base year sum to $2,026,392, which equates to a monthly average of $337,732. The budgeted amounts listed on line 52 on Schedule C-2.2.2 B 91 for the last six months of the base year sum to $3,508,912, which equates to a monthly average of $584,819. Explain all reasons why the budgeted average monthly amounts allocated to the Kentucky division are 73.2% higher during last six months of the base year compared to the actual first six months of the base year. ($584,819 - $337,732 = $247,087/$337,732 = 73.2%).

d. The forecasted total allocated amounts listed on Schedule C-2.2.2-F 91 for the twelve months of the test year on line 52 sum to $8,101,735, which equates to a monthly average of $675,145. Explain all reasons why the forecasted average monthly amounts allocated to the Kentucky division 09 during the test year almost double the actual average monthly allocated amounts during the first six months of the base year. ($675,145 per month versus $337,732).

78. Refer to Schedule C-2.2.2 B 12 and to Schedule C-2.2.2-F 12, which show base year and test year expenses by FERC account for each month and in total for the Shared Services division 12 as well as the amounts allocated to the Kentucky division 09. Refer further to percentage of costs allocated to the Kentucky division reflected on line 26 of each schedule. The actual allocation percentages reflected on C-2.2.2 B 12 for the first six months of the base year average to be 3.95% on a weighted average basis. The budgeted and projected allocation percentages are 5.39% for each of the last six months of the base year and for the entirety of the months during the test year. Explain all reasons why the actual allocation percentages are so much lower during the actual first six months of the base year compared to the remainder of the base year and the entirety of the test year.

79. Provide the actual expense amounts for account 9220 A&G-Administrative expense transferred-Credit for each fiscal year ended September 30, 2022, September 30, 2023, and September 30, 2024.

80. Refer to Schedule C-2.2.2 B 09, which shows base year actual and projected expenses by FERC account for each month and in total. Provide an update to this schedule in electronic format with all formulas intact which provides the actual amounts for the months of July 2024 through September 2024 instead of the projected amounts for those months.

81. Refer to Exhibit GKW-3, which shows base year and test year allocated O&M amounts by division and cost element. Provide the actual capitalization percentage

rate for labor and related costs for each month for each of the depicted divisions from October 2020 through the most recent month available in live spreadsheet format.

82. Provide a copy of Atmos Energy Corporation's pension and post-retirement benefits actuarial studies for each fiscal year 2023 through 2026 used to calculate the costs charged to division 9, including allocations from divisions 2, 12, and 91. Indicate which reports are not yet available, if any.

83. Provide the pension and OPEB costs (capital, expense, and other) and *expenses* recorded for each month in fiscal years 2023 and 2024, budgeted for each month September through December 2024 and January through March 2025, and forecast for each month in the test year ended March 31, 2026. Provide the amounts directly assigned to division 9 and the amounts allocated to division 9 from all other Atmos divisions including from divisions 2, 12, and 91.

84. Describe how the Company calculated the pension and OPEB *expenses* forecast for the test year, including amounts allocated to division 9 from all other Atmos divisions. If based on an actuarial study, provide a reconciliation of the amounts presented in the actuarial studies to the total cost and expense amounts of pension and OPEB *expenses* reflected in the test year and provide all calculations in live Excel format with all formulas intact.

85. Refer to Schedules C-2.3 B and C-2.3 F at line 3 related to payroll tax expense for the Kentucky Division (Division 009).

    a. Actual payroll taxes depicted on line 3 of Schedule C-2.3 for the Kentucky Division averaged $29,575 per month for the first six months of the base period, while the amount forecasted during the remainder of the base year averages $35,617 per month. In addition, the average monthly amount forecasted for the test year is $37,356. Explain the cause(s) of the large increase in monthly expense of approximately 20.4% (35,617-$29,575 = $6,042/$29,575 = 20.4%) projected for the remainder of the base year over base year actual amounts.

    b. Provide the actual payroll taxes for each fiscal year ended September 30, 2022, September 30, 2023, and September 30, 2024 separated between expense, capitalized, and other. In addition, provide a similar breakout for the base year and for the test year.

86. Provide the actual ad valorem taxes expensed and capitalized for the Kentucky Division during each of the last three fiscal years 2022, 2023, and 2024 by month. This request includes a separate provision of all PRP and non-PRP amounts.

87. Provide the gross plant and the net book value for the Kentucky Division at December 31, 2021, December 31, 2022, December 31, 2023, and September 30, 2024. This request includes a separate provision of all PRP and non-PRP amounts.

88. Refer to Schedule C-2.3B, line 5, which depicted the base year ad valorem tax expense actual and budgeted amounts during the base year. Explain all reasons why the budgeted division 9 amount changed from $1,107,840 per month in September 2024 down to $783,971 starting in October 2024, the beginning of the next fiscal year.

89. Refer to Schedule C-2.3F, line 5, and the accompanying footnote which describes the $1,000,000 adjustment to remove the effects from a true-up in February 2024 related to a prior years settlement (2020-2022).

    a. Explain the factors that led to the settlement amount.

    b. Provide a copy of the final settlement documentation.

    c. Explain why 2023, 2024, 2025, and 2026 ad valorem taxes for division 9 should not be expected to be lower in conjunction with the settlement awarded for years 2020-2022.

    d. Indicate whether actual taxes being accrued and recorded in 2024 have been lowered as a result of the findings from the settlement.

    e. Provide the amount of all ad valorem taxes actually paid applicable to division 9 during 2023 and in 2024 to date. Indicate whether or not all such taxes have been paid in 2024 to date.

90. Refer to Schedule C-2.2.2 B 09 and to Schedule C-2.2.2-F 09, which show base year and test year expenses by FERC account for each month and in total. Refer further to the monthly amounts listed for account 4030 on each that is described as depreciation expense.

    a. The last actual amount of depreciation expense listed on Schedule C-2.2.2 B 09 for June 2024 is $1,665,430. The first forecasted amount listed on Schedule C-2.2.2-F 09 for April 2025 is $1,800,717, an increase of $135,287. Besides the difference in the level of plant subject to depreciation and the small changes to allocated plant depreciation rates, describe all other reasons why the April 2025 forecasted expense is so much higher than the actual expense recorded in June 2025. If the actual depreciation expense for the allocated plant is recorded and/or depicted differently during the months in the base year compared to the amount projected for account 9030, explain how.

b. For the actual month of June 2024, provide the amount of depreciation expense recorded by FERC account number, both for direct plant and allocated plant. Provide separately the depreciation expense recorded on each division's accounting records based on plant in divisions 9, 2, 12, and 91.

c. For the actual month of June 2024, provide the gross plant and depreciation expense calculation and allocation for each FERC plant account used to record depreciation on the books for each division (9, 2, 12, and 91) either directly or allocated to Kentucky operations.

d. Provide a breakdown of account 4030 depreciation expense on these schedules actually recorded in June 2024 and forecasted in April 2025 between depreciation taken on PRP and Non-PRP depreciable plant. If PRP plant depreciation expense amounts are not included on these schedules, so state and provide separately those amounts for June 2024 and forecasted in April 2025.

91. Provide the Directors & Officers ("D&O") insurance expense directly incurred by or allocated to the Atmos – Kentucky Division included in the test year, showing how the allocations were performed.

92. Provide the Investor Relations expense directly incurred by or allocated to the Atmos – Kentucky Division included in the test year, showing how the allocations were performed.

93. Provide the Board of Directors ("BOD") compensation expense directly incurred by or allocated to the Atmos – Kentucky Division included in the test year, showing how the allocations were performed. Provide the amount before and after the Company's proforma adjustment to remove $134,473 in costs associated with stock awarded to its board members as depicted on Schedule F.11.

94. Confirm that none of the capital expenditures and related plant additions included in the base revenue requirement are bare steel replacements and that all such bare steel replacements are included in the PRP capital expenditure forecast reflected in the PRP revenue requirement in Case 2024-00226.

95. Confirm that the Company has included all Mega Rule costs, both expense and capital expenditures, in the base revenue requirement for the 12 months ending March 31, 2026.

a. If confirmed, then provide all expenses by FERC O&M/A&G expense account, all capital expenditures, all plant additions by FERC plant account, and all plant retirements by FERC plant account by month from the end of the test year in Case 2021-00214 through the end of the test year in this proceeding. Provide actual data through the most recent month available, forecast data thereafter through April 2025, and forecast data included in the test year for the 12 months ending March 31, 2026.

b. If confirmed, then provide a calculation of the revenue requirement to recover the Mega Rule costs included in the Company's requested base revenue requirement in this proceeding. Provide all assumptions and calculations in live Excel format with all formulas intact.

96. Confirm that the Company included all Mega Rule costs, both expense and capital expenditures, in the test year base revenue requirement in Case 2021-00214 for the 12 months ending December 31, 2022.

a. If confirmed, then provide all actual and forecast expenses by FERC O&M/A&G expense account, all actual and forecast capital expenditures, all plant additions by FERC plant account, and all plant retirements by FERC plant account by month from the end of the test year in Case 2018-00281 through the end of the test year in Case 2021-00214.

b. If confirmed, then provide a calculation of the revenue requirement to recover the Mega Rule costs included in the Company's requested base revenue requirement in Case 2021-00214. Provide all assumptions and calculation in live Excel format with all formulas intact.

c. If confirmed, then provide a calculation of the revenue requirement to recover the Mega Rule costs reflected in the authorized base revenue requirement in Case 2021-00214. Provide all assumptions and calculation in live Excel format with all formulas intact.

97. Provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on Atmos Energy from 2022 through the most recent month in 2024.

98. Provide the following:

a. The current authorized ROE for Atmos Energy in each of the regulatory jurisdictions in which it operates. Provide the date that each ROE was authorized.

b. Provide the Commission Order authorizing each ROE listed in part a.

c. State whether each ROE was authorized pursuant to a fully litigated rate case or if it was based on a settlement.

99. Refer to Mr. Christian's Direct Testimony, page 12, line 12 through page 13, line 2. Provide the following:

    a. Is it Mr. Christian's opinion that a common equity ratio of 54.40% relies too heavily on long-term debt? If yes, explain in detail why.

    b. Would a common equity ratio of 54.40% result in a credit downgrade for the Company? If so, explain why and provide all supporting analyses for this conclusion.

    c. Calculate the revenue requirement impact of reducing the Company's requested 60.88% common equity ratio to the Commission-allowed common equity ratio of 54.40%. Provide supporting workpapers for the calculation.

    d. Explain the benefits to Kentucky ratepayers of paying the additional revenue requirement that supports the Company's requested 60.88% common equity ratio compared to the Commission-allowed common equity ratio of 54.40%.

    e. Has Mr. Christian and/or Atmos analyzed the costs and benefits of the Company's Moody's A1 credit rating being lowered to A2 or A3? If so, provide all analyses.

    f. Would safe and reliable service to Atmos' Kentucky customers be maintained at a 54.40% common equity ratio? If not, explain why not.