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September 26, 2017

**PARTIES OF RECORD**

Re: Case No. 2017-00308

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum please do so within five days of receipt of this letter.

If you have any questions, please contact J.E.B. Pinney, Deputy General Counsel, at 502-782-2587.

Sincerely,

John S. Lyons  
Acting Executive Director

Attachments

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File

**FROM:** J.E.B. Pinney, Deputy General Counsel 

**DATE:** September 26, 2017

**RE:** Case No. 2017-00308: *Electronic Application of Atmos Energy Corporation for PRP Rider Rates*

On September 22, 2017, Commission Staff ("Staff") held a telephonic informal conference ("IC") with Atmos Energy Corporation ("Atmos") and representatives from the Attorney General of Kentucky's Office of Rate Intervention ("Attorney General"). The sign-in sheet is attached. The purpose of the IC was to allow Staff to inquire as to whether the Attorney General or Atmos intended to request a hearing and to ask Atmos for information regarding its application to increase the rates for its Pipeline Replacement Program ("PRP").

Staff first questioned Atmos regarding its response to the Attorney General's request for information in which Atmos discussed its replacement of bare steel pipe. Atmos confirmed that it planned to have finished this replacement within 15 years of the Commission's approval of the PRP, or by approximately 2026, and that it had to date replaced approximately 184 miles of bare steel pipe at a cost of approximately \$438 million.

Staff also questioned Atmos regarding its Lake City Line project. Atmos stated it had included the project in its application, not because it was bare steel, but because it was relying on the Commission's language from an Order approving the Shelbyville Line replacement project.

Staff requested that Atmos provide responses to the following questions:

1. With regard to the AG's first request, Item 1.b.iv., and the table showing the approximate annual capital investment amounts through 2022, provide the expected annual PRP rates for each rate class, assuming no roll-in to base rates through a rate case proceeding, beginning 2018 through 2022.
2. With regard to several references to the Lake City Line in Atmos's responses to the AG's First Request, provide a discussion of the safety incident which gave rise to the decision to replace the line.

3. Provide the details of the existing Lake City Line and the replacement line, including age of the existing line, and length and construction components of both the existing and replacement lines. To the extent that the replacement line exceeds the length of the existing line, provide a discussion of the magnitude of the replacement.
4. To the extent that the Lake City Line does not meet the original guidelines for inclusion in the PRP, describe in detail the specific safety and reliability concerns which caused Atmos to make the decision to include its replacement for recovery in the PRP.

Atmos confirmed that it would respond to the questions. Thereafter the conference adjourned.



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