

replacements." Each year a utility is required to relocate and replace certain segments of its system. The proposed GSRS tariff included in this Application will allow the utility to recover these expenses between rate cases through a surcharge.

4. K.S.A. 66 2202 defines "eligible infrastructure system replacement" as:

natural gas public utility plant projects that: (1) Do not increase revenues by directly connecting the infrastructure replacement to new customers; (2) are in service and used and required to be used; and (3) were not included in the natural gas public utility's rate base in its most recent general rate case.

5. In support of the Application, Atmos Energy is filing the Direct Testimony and Exhibits of Barton W. Armstrong and Jennifer G. Ries. Ms. Ries's Exhibit 5 summarizes the projects being included in this GSRS proposal. There are three groups of projects being submitted. The first group is comprised of specific safety related system replacements. The second group consists of governmentally mandated road relocation projects which have not been reimbursed to the natural gas utility and the third group is comprised of functional or bundled safety related system replacements. All three types of projects are eligible for inclusion in a GSRS proposal. Exhibit 5 shows the location, project description, work order number and completion date for each of the projects. It also includes the category of the applicable state or federal pipeline safety requirements relating to the replacement of the existing facilities.

6. The inclusion criteria for the safety related projects, according to K.S.A. 66-2202, is as follows: "(1) Mains, valves, service lines, regulator stations, vaults and other pipeline system components installed to comply with state or federal safety requirements as replacements for existing facilities; and (2) Main relining projects, service line insertion projects, joint encapsulation projects and other similar projects extending the useful life or enhancing the integrity of pipeline system

components undertaken to comply with state or federal safety requirements."

7. The inclusion criteria for the road relocation projects, according to K.S.A. 66-2202, is as follows: "Facility relocations required due to construction or improvement of a highway, road, street, public right of way or other public work by or on behalf of the United States, this state, a political subdivision of this state or another entity having the power of eminent domain provided that the costs related to such projects have not been reimbursed to the natural gas utility."

8. Only projects meeting the two criteria previously mentioned are being submitted for consideration in this filing.

9. Exhibit BWA-1 (cd) sponsored by Mr. Armstrong includes the supporting documentation for each of the specific related projects. For each of the safety related projects, detailed information including a map and summary of the project is included. For each of the road relocation projects, detailed information including the request to relocate the facility (from the city, county, or state), a map of the replacement area, and summary of the project is included. Ms. Ries's Exhibit 5 also includes a list of each project included in the functional or bundled type of safety related system replacements. Atmos Energy maintains a file for each of the projects and will provide access to those files to the Staff and any other party to this proceeding.

10. Pursuant to the provisions of K.S.A. 66-2204, Ms. Ries's Exhibit 1 shows the calculation of the proposed rate adjustment for GSRS revenue. Ms. Ries's Exhibit 2 shows the class allocation of the GSRS surcharge. Ms. Ries's Exhibit 3 shows the calculation of the change in operating income. Ms. Ries's Exhibit 4 shows the calculation of the pre-tax rate of return. Ms. Ries's Exhibit 5 details the specific projects and performs the calculation of depreciation, accumulated reserve and accumulated deferred income taxes. Ms. Ries's Exhibit 6 accumulated the investment that

is retired as a result of GSRS projects and calculates the reduction in depreciation expense associated with the retirement. Ms. Ries's Exhibit 7 is the new GSRS tariff sheet.

11. K.S.A. 66-2203 states that "the commission may not approve a GSRS to the extent it would produce total annualized GSRS revenues below the lesser of \$1,000,000 or 1/2 % of the natural gas public utility's base revenue level approved by the commission in the natural gas public utility's most recent general rate proceeding." Based on Atmos Energy's most recent general rate proceeding, that amount would total \$303,000. The proposed revenue increase relating to this GSRS filing is \$863,520.

12. None of the projects included in the GSRS filing were included in Atmos Energy's last rate filing (Docket No. 15-ATMG-079-RTS ("079 Docket")). These projects were completed subsequent to the March 31, 2015, test period used in Atmos Energy's last general rate filing.

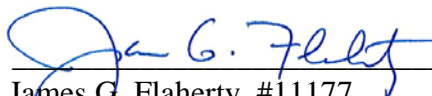
13. The Commission's Order approving Atmos Energy's most recent rate case in the 079 Docket set forth a pre-tax rate of return for Atmos Energy at 11.04%.

14. Ms. Ries's Exhibit 3 shows the allocation of the GSRS revenue by class. The customer class allocation is pursuant to the collaborative rate design agreed to by Atmos Energy, Staff and CURB pursuant to the Stipulated Settlement Agreement in the 079 Docket.

15. K.S.A. 66-2204(e)(1) states, "A GSRS shall be charged to customers as a monthly fixed charge and not based on volumetric consumption. The monthly charge shall not increase more than \$.40 per residential customer over the base rates in effect for the initial filing of a GSRS. Thereafter, each filing shall not increase the monthly charge more than \$.40 per residential customer over the most recent filing of a GSRS."

WHEREFORE, for the reasons set forth herein Atmos Energy requests that the Commission

issue an Order approving this Application and the attached gas system reliability surcharge tariffs.



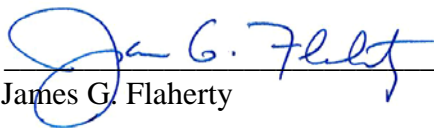
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jflaherty@andersonbyrd.com
Attorneys for Atmos Energy

VERIFICATION

STATE OF KANSAS)
)ss:
COUNTY OF FRANKLIN)

James G. Flaherty, of lawful age, being first duly sworn on oath, states:

That he is the attorney for Atmos Energy, named in the foregoing Application, and is duly authorized to make this affidavit; that he has read the foregoing Application, and knows the contents thereof; and that the facts set forth therein are true and correct.


James G. Flaherty

SUBSCRIBED AND SWORN to before me this 25th day of October, 2016.

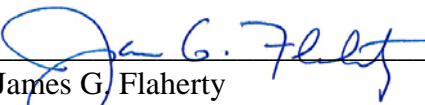


Notary Public

Appointment/Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing Application, including a copy of the Direct Testimony of Barton W. Armstrong and a copy of the Direct Testimony of Jennifer G. Ries, was sent via U.S. Mail, postage prepaid, hand-delivery, or electronically, this 25th day of October, 2016, addressed to: Amber Smith, Chief Litigation Counsel, Kansas Corporation Commission, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604, a.smith@kcc.ks.gov, and David W. Nickel, Citizens' Utility Ratepayer Board, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604, d.nickel@curb.kansas.gov.



James G Flaherty

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos Energy for)
Approval of the Commission for Gas System) Docket No. 17-ATMG-____-TAR
Reliability Surcharge per K.S.A. 66-2201 through)
66-2204

DIRECT TESTIMONY OF JENNIFER G. RIES

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. Jennifer G. Ries, 1555 Blake Street, Suite 400, Denver CO 80023.

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

4 A. I am employed by Atmos Energy Corporation ("Atmos Energy" or the "Company") as Vice
5 President, Rates & Regulatory Affairs.

6 **Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT, RATES &
7 REGULATORY AFFAIRS FOR ATMOS ENERGY?**

8 A. I am responsible for leading and directing the rates and regulatory activity in the
9 Colorado-Kansas division of Atmos Energy. This responsibility includes executing and
10 managing the rate strategy for both states.

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
12 PROFESSIONAL EXPERIENCE.**

13 A. I graduated from Texas Tech University in 2003 with a Bachelor of Science in Mechanical
14 Engineering and have been a Professional Engineer in the State of Texas since 2008. I have
15 worked for Atmos Energy since 2002, serving in technical, operational and managerial
16 positions. From 2002 to 2006, I worked in the Technical Services as an engineer in the
17 West Texas Division of Atmos Energy. In this capacity, I designed, planned and oversaw

1 the installation of large scale piping systems, regulator stations and metering stations. In
2 2006, I transferred to the position of Operations Supervisor and relocated to the Permian
3 Basin. In this role, I oversaw and planned for the daily operations of construction, service
4 and compliance personnel with direct supervisory responsibility of field employees. In
5 2010, I accepted the position of Senior Rates Analyst where I was responsible for regulatory
6 analysis, planning, and implementation of overall regulatory strategy in the West Texas
7 Division. In September of 2011, I was promoted to Manager of Compliance for the West
8 Texas Division. My area of responsibility included oversight of distribution design and
9 estimation, compliance with Texas Rule 8.209 and Distribution Integrity management, and
10 oversight of damage prevention. In June of 2012, I accepted the role of Manager of
11 Engineering Service. In this role, I oversaw engineering and compliance activities for the
12 West Texas Division, provided support for daily operations and maintenance activities, and
13 participated in the budgeting, planning and completion process of capital investment projects.
14 I assumed my current position in June of 2015.

15 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KANSAS CORPORATION**
16 **COMMISSION ("KCC") OR OTHER REGULATORY ENTITIES?**

17 A. Yes, I have provided oral testimony before the Colorado Public Utility Commission in
18 Atmos Energy's general rate case proceeding in Docket 15AL-0299G.

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 A. The purpose of my testimony is to support the calculation of the revenue requirement by
21 customer class for Atmos Energy's proposed Gas System Reliability Surcharge ("GSRS").

22 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

23 A. Yes, I am sponsoring seven Exhibits. Exhibit 1 shows the calculation of the proposed rate

1 adjustment for GSRS revenue. Exhibit 2 shows the class allocation of the GSRS surcharge.
2 Exhibit 3 shows the calculation of the change in operating income. Exhibit 4 shows the
3 pre-tax rate of return. Exhibit 5 details the specific projects and performs the calculation of
4 depreciation, accumulated reserve and accumulated deferred income taxes. The specific
5 projects are sponsored by Barton Armstrong. Exhibit 6 accumulates the investment that is
6 retired as a result of GSRS projects and calculates the reduction in depreciation expense
7 associated with the retirements. Exhibit 7 is the tariff sheet.

8 **Q. PLEASE EXPLAIN EXHIBIT 1.**

9 A. Pursuant to the provisions of K.S.A. 66-2204, Exhibit 1 shows the increase to rate base and
10 the calculation of the GSRS revenue requirement. The proposed revenue increase is
11 \$863,520.

12 **Q. DOES THE REVENUE REQUIREMENT EXCEED THE MINIMUM REVENUE**
13 **REQUIREMENTS SET FORTH IN THE GSRS STATUTE?**

14 A. Yes. K.S.A. 66-2203 states that "the commission may not approve a GSRS to the extent it
15 would produce total annualized GSRS revenues below the lesser of \$1,000,000 or 1/2 % of
16 the natural gas public utility's base revenue level approved by the commission in the natural
17 gas public utility's most recent general rate proceeding." Based on Atmos Energy's most
18 recent general rate proceeding in Docket 16-ATMG-079-RTS ("079 Docket"), that amount
19 would total \$303,000.

20 **Q. PLEASE EXPLAIN THE COMPONENTS OF THE FILED RATE BASE.**

21 A. Components of the rate base calculation include Gross Plant, which is the original cost of all
22 eligible projects, less any related cost of removal and abandonment of the existing system;
23 Accumulated Depreciation, which has been calculated by project based on the approved

1 depreciation rate for that type of plant; Working Capital, which reflects the impact of
2 accrued taxes and accrued interest; and Accumulated Deferred Income Taxes, which has
3 been calculated by project based on the type of plant. Exhibit 5 details the GSRS net plant
4 calculation and the deferred taxes calculation for the specific projects.

5 **Q. WERE ANY OF THE ELIGIBLE PROJECTS BEING CONSIDERED INCLUDED**
6 **IN ATMOS ENERGY'S LAST GENERAL RATE FILING?**

7 A. No. None of the projects included in the GSRS filing were included in Atmos Energy's last
8 rate filing. These projects were completed subsequent to the March 31, 2015, test period
9 used in Atmos Energy's last general rate filing.

10 **Q. PLEASE EXPLAIN EXHIBIT 2.**

11 A. Exhibit 2 shows the allocation of the GSRS revenue by class. The customer class allocation
12 is pursuant to the collaborative rate design agreed to by Atmos Energy and Staff pursuant to
13 the Stipulated Settlement Agreement in the 079 Docket.

14 **Q. DOES THE ALLOCATION OF THE PROPOSED GSRS SURCHARGE FALL**
15 **WITHIN THE PARAMETERS AS SET FORTH IN THE STATUTE?**

16 A. Yes. K.S.A. 66-2204(e)(1) states, "A GSRS shall be charged to customers as a monthly
17 fixed charge and not based on volumetric consumption. The monthly charge shall not
18 increase more than \$.40 per residential customer over the base rates in effect for the initial
19 filing of a GSRS. Thereafter, each filing shall not increase the monthly charge more than
20 \$.40 per residential customer over the most recent filing of a GSRS." The proposed GSRS
21 Surcharge yields \$.40 per month surcharge for a residential customer.

22 **Q. PLEASE EXPLAIN HOW THE RATE OF RETURN CALCULATED ON EXHIBIT**
23 **4?**

1 A. The Commission's Order approving in Atmos Energy's most recent rate case, (079 Docket)
2 set forth a pre-tax rate of return for Atmos Energy at 11.04% (see, summary of the approved
3 pre-tax rate of return on Exhibit 4, line 2).

4 **Q. PLEASE EXPLAIN EXHIBIT 6.**

5 A. Exhibit 6 shows the detail list of plant that was retired as a result of the GSRS project
6 additions. These amounts will no longer be incurring depreciation expense, therefore the
7 expense associated with these retirements are netted against the GSRS projects depreciation
8 expense.

9 **Q. PLEASE EXPLAIN EXHIBIT 7.**

10 A. Exhibit 7 is the tariff sheet for the proposed GSRS surcharge.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes, it does.

VERIFICATION OF JENNIFER G. RIES


STATE OF COLORADO)
)ss:
COUNTY OF DENVER)

I, Jennifer G. Ries, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Direct Testimony of Jennifer G. Ries; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.



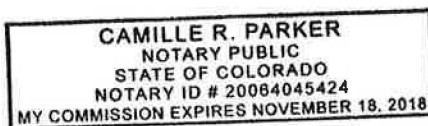
Jennifer G. Ries

SUBSCRIBED AND SWORN to before me this 29th day of October, 2016.



Notary Public

Appointment/Commission Expires:



Atmos Energy Corporation
Rate Adjustment for GSRS

Line No.	Description	17-ATMG- ____-TAR	Source
	(a)	(b)	(c)
1	Gas Plant	8,277,545	Exhibit 5
2	Depreciation & Amortization Reserve	<u>(91,601)</u>	Exhibit 5
3	Net Gas Plant	8,185,943	
4	Accumulated Deferred Income Taxes	<u>(1,552,751)</u>	Exhibit 5
5	Total Rate Base	6,633,192	
6	Pre-Tax Rate of Return	<u>11.040%</u>	Exhibit 4
7	Required Operating Income on Investment	732,304	
8	Depreciation Expense	<u>131,216</u>	Exhibit 3
9	Total Deficiency	863,520	
10	Total GSRS Revenue	<u><u>863,520</u></u>	

Line No	Description	Total Company	Sales Service					Transportation Service		
			Residential	Comm.-Pub Auth	School	Industrial/ Interrupt	Irrigation Engine	Transportation Firm	Transport Interruptible	Transport Firm School
	(a)	(b)	(c)	(d)		(e)	(f)	(g)	(h)	(i)
1	Total Annual Bills ^[1]	1,539,517	1,413,800	115,463	787	1,101	3,338	1,836	444	2,748
2	Total Proposed Rate Revenue*	\$60,694,753	\$44,148,492	\$10,312,785	\$113,182	\$112,432	\$1,221,974	\$2,559,884	\$1,478,332	\$747,672
3	<u>GSRS Allocation</u>									
4	Customer Class Allocation Percent	100.00%	72.74%	16.99%	0.19%	0.19%	2.01%	4.22%	2.44%	1.23%
5	GSRS Annual Revenue \$ [Exhibit 1]	863,520	628,112	146,723	1,610	1,600	17,385	36,420	21,033	10,637
6	Less Statutory Limit Adjustment	(62,592)	(62,592) ²							
7	Net Revenue \$	800,928	565,520	146,723	1,610	1,600	17,385	36,420	21,033	10,637
8	Incremental Monthly Surcharge per customer		0.40	1.27	2.05	1.45	5.21	19.84	47.37	3.87
9	Current Surcharge									
10	Total Proposed GSRS		0.40	1.27	2.05	1.45	5.21	19.84	47.37	3.87
			4.80							
11	<u>Calculation of Statutory Limit Adjustment - Residential GSRS</u>									
12	Incremental Monthly Residential GSRS		0.40							
13	Number of Residential Customers		1,413,800							
14	Maximum Incremental Residential GSRS		565,520							
15	Less Residential Revenue from Line 5		628,112							
16	Statutory Limit Adjustment		(62,592) ²							

[1] Settled Billing Determinants 16-ATMG-079-RTS

[2] Statutory Limit applied based on residential customers from last rate proceeding

Atmos Energy Corporation
Operating Income at Present Rates

Line No.	Description	Amount		Source
1	Depreciation Adjustment	131,216	131,216	Exhibits 5 & 6
2				
3				
4				
5				
6				
7				
8				
9				
10	Income Taxes on Adjusted Interest Expense			
11	Operation Income at Present Rates		<u><u>131,216</u></u>	

<u>Line No.</u>		<u>Weighted Cost - Pretax</u>
1	Paragraph 14 of the Settlement states that a Pre-Tax ROR	
2	will be used in future GSRS Filings	11.04%

Rate of Return approved in Docket No. 16-ATMG-079-RTS

Line No.	Department	Project No.	Category	Budget Category	Regulation	Work Order Long Description	Adjusted Amount	In Srvc Date	FERC Acct	File Date	Mos In	Book			Tax				
												Depr Rate	Annual Depr	Accum Depr	Tax Bonus	Tax Basis	Yr 1 Rate	Accum Depr	Tax > Book
1	COKS-Olathe-C&M/Service [3143]	060.23486	Functional Leak Repair	System Integrity	192.703	3143- NON GROWTH LEAK MAINS FUNCTIONAL	1,287,281	4/1/2016	37602	11/01/16	7	2.010%	25,874	15,381	50%	643,641	5.00%	32,182.04	660,442
2	COKS-Olathe-C&M/Service [3143]	060.23487	Functional Leak Repair	System Integrity	192.703	3143-NON GROWTH LEAK SERVICES FUNCTIONAL	1,065,598	4/1/2016	38000	11/01/16	7	3.300%	35,165	20,903	50%	532,799	5.00%	26,639.95	538,536
3	COKS-Olathe-C&M/Service [3143]	060.23498	Functional Cathodic Protection	System Integrity	192.463(b)	3145-NON GROWTH ANODE/CATHODIC FUNCTIONAL	290,485	4/1/2016	37600	11/01/16	7	1.740%	5,054	3,005	50%	145,243	5.00%	7,262.13	149,500
4	COKS-Olathe-C&M/Service [3143]	060.23496	Functional Leak Repair	System Integrity	192.703	3145-NON GROWTH LEAK MAINS FUNCTIONAL	254,874	4/1/2016	37602	11/01/16	7	2.010%	5,123	3,045	50%	127,437	5.00%	6,371.85	130,764
5	COKS-Olathe-C&M/Service [3143]	060.23506	Functional Leak Repair	System Integrity	192.703	3146-NON GROWTH LEAK MAINS FUNCTIONAL	211,205	4/1/2016	37602	11/01/16	7	2.010%	4,245	2,524	50%	105,603	5.00%	5,280.14	108,359
6	COKS-Olathe-C&M/Service [3143]	060.23497	Functional Leak Repair	System Integrity	192.703	3145-NON GROWTH LEAK SERVICES FUNCTIONAL	154,173	4/1/2016	38000	11/01/16	7	3.300%	5,088	3,024	50%	77,086	5.00%	3,854.32	77,916
7	COKS-Olathe-C&M/Service [3143]	060.23448	Functional Leak Repair	System Integrity	192.703	3136-NON GROWHT LEAK SERVICES FUNCTIONAL	138,289	4/1/2016	38000	11/01/16	7	3.300%	4,564	2,713	50%	69,144	5.00%	3,457	69,889
8	COKS-Olathe-C&M/Service [3143]	060.28362	Functional Leak Repair	System Integrity	192.703	3139-NON GROWTH LEAK MAINS FUNCTIONAL	102,717	4/1/2016	37602	11/01/16	7	2.010%	2,065	1,227	50%	51,358	5.00%	2,568	52,699
9	COKS-Olathe-C&M/Service [3143]	060.23507	Functional Leak Repair	System Integrity	192.703	3146-NON GROWTH LEAK SERVICES FUNCTIONAL	92,189	4/1/2016	38000	11/01/16	7	3.300%	3,042	1,808	50%	46,095	5.00%	2,305	46,591
10	COKS-Olathe-C&M/Service [3143]	060.23488	Functional Cathodic Protection	System Integrity	192.463(b)	3143-NON GROWTH ANODE/CATHODIC FUNCTIONAL	87,083	4/1/2016	37600	11/01/16	7	1.740%	1,515	901	50%	43,541	5.00%	2,177	44,818
11	COKS-Independence-C&M/Service [3145	060.23447	Functional Leak Repair	System Integrity	192.703	3136-NON GROWTH LEAK MAINS FUNCTIONAL	66,392	4/1/2016	37602	11/01/16	7	2.010%	1,334	793	50%	33,196	5.00%	1,660	34,063
12	COKS-Denver-Eng & Design [3006]	060.23449	Functional Cathodic Protection	System Integrity	192.463(b)	3136-NON GROWTH ANODE/CATHODIC FUNCTIONAL	52,712	4/1/2016	37600	11/01/16	7	1.740%	917	545	50%	26,356	5.00%	1,318	27,129
13	COKS-Independence-C&M/Service [3145	060.28361	Functional Leak Repair	System Integrity	192.703	3139-NON GROWTH LEAK SERVICES FUNCTIONAL	31,524	4/1/2016	38000	11/01/16	7	3.300%	1,040	618	50%	15,762	5.00%	788	15,932
14	COKS-Independence-C&M/Service [3145	060.35467	Leak Repair	System Integrity	192.453	Replace 138 Service Lines (Bare Steel) with 138 Service Lines (2" HDPE) due to Leakage.	557,076	10-Aug-2016	38000	11/01/16	3	3.300%	18,384	4,238	50%	278,538	5.00%	13,927	288,227
15	COKS-Yates Center-C&M/Service [3146	060.35798	Leak Repair	System Integrity	192.703	Replace 13,169' of Pipe (4" Bare Steel) with 11,815' of Pipe (6" HDPE) due to Leakage.	396,387	4-Aug-2016	37602	11/01/16	3	2.010%	7,967	1,970	50%	198,193	5.00%	9,910	206,133
17	COKS-Independence-C&M/Service [3145	060.35639	Leak Repair	System Integrity	192.703	Replace 5,358' of Pipe (2,071' of 2" Bare Steel, 2,900' of 3" Bare Steel, 88' of 4" Bare Steel, 300' of 1.25" MDPE) with 2,258' of Pipe (2" HDPE) due to Leakage.	132,578	26-Aug-2016	37602	11/01/16	2	2.010%	2,665	496	50%	66,289	5.00%	3,314	69,108
18	COKS-Independence-C&M/Service [3145	060.35782	Leak Repair	System Integrity	192.703	Replace 12,537' of Pipe (5,176' of 8" Bare Steel, 50' of 6" MDPE, 858' of 4" Bare Steel, 3,89 of 3" Bare Steel, 747' of 2" MDPE, 1,815' of 2" Bare Steel) with 2,248' of Pipe (2" HDPE) due to Leakage.	117,178	27-Jun-2016	37602	11/01/16	4	2.010%	2,355	831	50%	58,589	5.00%	2,929	60,687
19	COKS-Olathe-C&M/Service [3143]	060.35322	Leak Repair	System Integrity	192.703	Replace 5,343' of Pipe (2" Bare Steel) with 2,937' of Pipe (2" HDPE) due to Leakage.	110,543	1-Apr-2016	37602	11/01/16	7	2.010%	2,222	1,321	50%	55,271	5.00%	2,764	56,714
20	COKS-Herington-C&M/Service [3136]	060.34923	Leak Repair	System Integrity	192.703	Replace 4,000' of Pipe (4,000' of 3" Bare Steel) with 2,487' of Pipe (2,487' of 2" HDPE) due to Leakage.	102,831	1-Apr-2016	37602	11/01/16	7	2.010%	2,067	1,229	50%	51,416	5.00%	2,571	52,758
21	COKS-Yates Center-C&M/Service [3146	060.36285	Leak Repair	System Integrity	66-2202(f)3	Relocate 20' of Pipe (2" MDPE) with 32' of Pipe (2" HDPE) due to Public Improvement project.	94,883	10-Aug-2016	37602	11/01/16	3	2.010%	1,907	440	50%	47,441	5.00%	2,372	49,374
22	COKS-Johnson-C&M/Service [3139]	060.35990	Leak Repair	System Integrity	192.703	Replace 2,300' of Pipe (800' of 2" MDPE, 1,200' of 2" Bare Steel, 300' of 3" Bare Steel), with 2,562' of Pipe (2" HDPE) due to Leakage.	93,987	12-Aug-2016	37602	11/01/16	3	2.010%	1,889	425	50%	46,994	5.00%	2,350	48,918
23	COKS-Olathe-C&M/Service [3143]	060.35011	Leak Repair	System Integrity	192.703	Replace 3,911' of Pipe (3,911' of 2" Bare Steel) with 1,495' of Pipe (1,495' of 2" HDPE) due to Leakage.	91,796	22-Jan-2016	37602	11/01/16	9	2.010%	1,845	1,456	50%	45,898	5.00%	2,295	46,737
24	COKS-Olathe-C&M/Service [3143]	060.35848	Leak Repair	System Integrity	192.703	Replace 2,845' of Pipe (2,845' of 2" Bare Steel) with 2,845' of Pipe (2" HDPE) due to Leakage.	90,620	28-Sep-2016	37602	11/01/16	1	2.010%	1,821	172	50%	45,310	5.00%	2,266	47,404
25	COKS-Independence-C&M/Service [3145	060.36189	Leak Repair	System Integrity	192.703	Replace 2,124' of Pipe (2" Bare Steel) with 2,624' of Pipe (2" HDPE) due to Leakage.	84,991	13-Sep-2016	37602	11/01/16	2	2.010%	1,708	233	50%	42,495	5.00%	2,125	44,388
26	COKS-Yates Center-C&M/Service [3146	060.35845	Leak Repair	System Integrity	192.703	Replace 1,628' of Pipe (2" Bare Steel) with 1,620' of Pipe (2" HDPE) due to Leakage.	80,066	27-Jun-2016	37602	11/01/16	4	2.010%	1,609	568	50%	40,033	5.00%	2,002	41,467
27	COKS-Herington-C&M/Service [3136]	060.35479	Leak Repair	System Integrity	192.703	Replace 963' of Pipe (191' of 2" Bare Steel, 69' of 2" MDPE, 703' of 4" Bare Steel) with 881' of Pipe (4" HDPE) due to Leakage.	75,820	14-Jun-2016	37602	11/01/16	5	2.010%	1,524	593	50%	37,910	5.00%	1,895	39,213
28	COKS-Independence-C&M/Service [3145	060.35849	Leak Repair	System Integrity	192.703	Replace 2,205' of Pipe (2" Bare Steel) with 1,855' of Pipe (2" HDPE) due to Leakage.	68,751	24-Jun-2016	37602	11/01/16	4	2.010%	1,382	499	50%	34,375	5.00%	1,719	35,595
29	COKS-Herington-C&M/Service [3136]	060.35919	Leak Repair	System Integrity	192.703	Replace 1,220' of Pipe (2" MDPE) with 1,210' of Pipe (2" HDPE) due to Leakage.	63,221	15-Sep-2016	37602	11/01/16	2	2.010%	1,271	166	50%	31,611	5.00%	1,581	33,025
30	COKS-Yates Center-C&M/Service [3146	060.34658	Leak Repair	System Integrity	192.703	Replace 2,247' of Pipe (2,247' of 1" PA12 Marlex) with 590' of Pipe (590' of 2" HDPE) due to Leakage.	44,222	11-Dec-2015	37602	11/01/16	11	2.010%	889	805	50%	22,111	5.00%	1,106	22,412

Atmos Energy Corporation
Depreciation, Accumulated Depreciation, Addons

Line No.	Department	Project No.	Category	Budget Category	Regulation	Work Order Long Description	Adjusted Amount	In Srvc Date	FERC Acct	File Date	Mos In	Book			Tax				
												Depr Rate	Annual Depr	Accum Depr	Tax Bonus	Tax Basis	Yr 1 Rate	Accum Depr	Tax > Book
31	COKS-Johnson-C&M/Service [3139]	060.34762	Leak Repair	System Integrity	192.703	Replace 1,020' of Pipe (1,020' of 2" Bare Steel) with 1,094' of Pipe (1,094' of 2" HDPE) due to Leakage.	42,886	20-Feb-2016	37602	11/01/16	9	2.010%	862	611	50%	21,443	5.00%	1,072	21,904
32	COKS-Johnson-C&M/Service [3139]	060.36221	Leak Repair	System Integrity	192.703	Replace 840' of Pipe (2" Aldyl-A) with 688' of Pipe (2" HDPE) due to Leakage.	40,927	26-Aug-2016	37602	11/01/16	2	2.010%	823	153	50%	20,464	5.00%	1,023	21,334
33	COKS-Johnson-C&M/Service [3139]	060.36314	Leak Repair	System Integrity	192.703	Replace 365' of Pipe (4" Bare Steel) with 375' of Pipe (4" Steel) due to Leakage.	40,633	15-Aug-2016	37601	11/01/16	3	1.900%	772	167	50%	20,317	5.00%	1,016	21,165
34	COKS-Independence-C&M/Service [3145]	060.34916	Leak Repair	System Integrity	192.703	Replace 300' of Pipe (300' of 6" MDPE) with 292' of Pipe (286' of 4" HDPE, 6' of 6" HDPE) due to Leakage.	37,299	1-Feb-2016	37602	11/01/16	9	2.010%	750	571	50%	18,650	5.00%	932	19,011
35	COKS-Independence-C&M/Service [3145]	060.34889	Leak Repair	System Integrity	192.703	Replace 1,400' of Pipe (1,400' of 2" Bare Steel) with 2,076' of Pipe (2,076' of 2" HDPE) due to Leakage.	34,012	25-Mar-2016	37602	11/01/16	7	2.010%	684	420	50%	17,006	5.00%	850	17,437
36	COKS-Independence-C&M/Service [3145]	060.34525	Leak Repair	System Integrity	192.703	Replace 3,234' of Pipe (934' of 2" Bare Protected, 2,300' of 6" Bare Protected) with 655' of Pipe (655' of 2" MDPE) due to Leakage.	25,934	28-Oct-2015	37602	11/01/16	12	2.010%	521	536	50%	12,967	5.00%	648	13,080
37	COKS-Independence-C&M/Service [3145]	060.35122	Leak Repair	System Integrity	192.703	Replace 525' of Pipe (125' of 2" Bare Steel, 400' of 4" Bare Steel) with 627' of Pipe (2" HDPE) due to Leakage.	25,488	15-Feb-2016	37602	11/01/16	9	2.010%	512	370	50%	12,744	5.00%	637	13,011
38	COKS-Independence-C&M/Service [3145]	060.36546	Leak Repair	System Integrity	192.703	Replace 816' of Pipe (1" Bare Steel) with 748' of Pipe (2" HDPE) due to Leakage.	25,189	1-Aug-2016	37602	11/01/16	3	2.010%	506	129	50%	12,595	5.00%	630	13,095
39	COKS-Independence-C&M/Service [3145]	060.33777	Leak Repair	System Integrity	192.703	Replace 652' of Pipe (6" Bare Steel) with 674' of Pipe (6" Coated Steel) due to Leakage.	23,116	20-Oct-2015	37601	11/01/16	13	1.900%	439	461	50%	11,558	5.00%	578	11,675
40	COKS-Independence-C&M/Service [3145]	060.36547	Leak Repair	System Integrity	192.703	Replace 300' of Pipe (2" Marlex) with 245' of Pipe (2" HDPE) due to Leakage.	22,920	1-Aug-2016	37602	11/01/16	3	2.010%	461	118	50%	11,460	5.00%	573	11,915
41	COKS-Independence-C&M/Service [3145]	060.35918	Leak Repair	System Integrity	192.703	Replace 220' of Pipe (2" Bare Steel) with 227' of Pipe (2" HDPE) due to Leakage.	21,676	30-Aug-2016	37602	11/01/16	2	2.010%	436	76	50%	10,838	5.00%	542	11,304
42	COKS-Independence-C&M/Service [3145]	060.35025	Cathodic Protection	System Integrity	192.703	Replace 1,830' of Pipe (400' of 2" MDPE, 900' of 2" Bare Steel, 280' of Coated Steel, 250' of Bare Steel) with 1,902' of Pipe (1,902' of 2" HDPE) due to Leakage & Water in Main.	75,108	29-Apr-2016	37602	11/01/16	6	2.010%	1,510	780	50%	37,554	5.00%	1,878	38,652
43	COKS-Independence-C&M/Service [3145]	060.34286	Cathodic Protection	System Integrity	192.463(b)	AC mitigation on 95th and for remote monitoring of AC issues occurring at our TBS that is under new high voltage transmission lines.	33,283	7-Jun-2016	37600	11/01/16	5	1.740%	579	236	50%	16,642	5.00%	832	17,237
44	COKS-Olathe-C&M/Service [3143]	060.36377	Cathodic Protection	System Integrity	192.463(b)	Install a new Ground Bed and Retire the existing Ground Bed at the intersection of W. Locust and N. Bluff St. in Anthony, Harper County, Kansas.	25,442	1-Sep-2016	37600	11/01/16	2	1.740%	443	75	50%	12,721	5.00%	636	13,282
45	COKS-Independence-C&M/Service [3145]	060.35061	Public Improvement	Public Improvements	66-2202(f)	Relocate 4,343' of Pipe (370' of 2" Coated Steel, 2,660' of Bare Steel) with 6,381' of Pipe (2" HDPE) due to Public Improvement project.	591,969	30-Aug-2016	37602	11/01/16	2	2.010%	11,899	2,082	50%	295,985	5.00%	14,799	308,701
46	COKS-Independence-C&M/Service [3145]	060.35985	Public Improvement	Public Improvements	66-2202(f)	Relocate 7,051' of Pipe (249' of 1" Bare Steel, 6' of 1 1/4" MDPE, 141' of 1 1/2" MDPE, 992' of 2" Bare Steel, 945' of 2" MDPE, 1,412' of 3" Bare Steel, 945' of 3" MDPE, 835' of 4" Bare Steel, 1,280' of 6" Bare Steel, 246' of 6" MDPE) with 743' of Pipe (178' of 1 1/4" HDPE, 315' of 2" HDPE) due to Public Improvement project.	436,617	22-Jun-2016	37602	11/01/16	4	2.010%	8,776	3,218	50%	218,309	5.00%	10,915	226,006
47	COKS-Independence-C&M/Service [3145]	060.34369	Public Improvement	Public Improvements	66-2202(f)	Relocate 3,687' of Pipe (978' of 2" PE, 94' of 3" PE, 2,615' of 4" PE) with 4,018' Pipe (450' of 2" HDPE and 3,568' of 4" HDPE) due to Public Improvement project.	417,883	28-Feb-2016	37602	11/01/16	8	2.010%	8,399	5,763	50%	208,941	5.00%	10,447	213,626
49	COKS-Independence-C&M/Service [3145]	060.35797	Public Improvement	Public Improvements	66-2202(f)	Relocate 444' of Pipe (2" Steel) with 1,712' of Pipe (2" HDPE) due to Public Improvement project.	92,099	18-May-2016	37602	11/01/16	6	2.010%	1,851	859	50%	46,049	5.00%	2,302	47,493
50	COKS-Independence-C&M/Service [3145]	060.35106	Public Improvement	Public Improvements	66-2202(f)	Relocate 2,184' of Pipe (584' of 4" FBE Steel, 1,600' of 3" ARO Steel) with 2,254' of Pipe (4" ARO) due to Public Improvement project.	76,509	31-Mar-2016	37601	11/01/16	7	1.900%	1,454	868	50%	38,255	5.00%	1,913	39,299
51	COKS-Independence-C&M/Service [3145]	060.34201	Public Improvement	Public Improvements	66-2202(f)	Relocate 312' of Pipe (277' of 3" Steel, 35' of 1.25" Steel) with 318' of Pipe (316' of 4" Steel and 2' of 2" Steel) due to Public Improvement project.	52,236	3-Nov-2015	37601	11/01/16	12	1.900%	992	1,004	50%	26,118	5.00%	1,306	26,420
52	COKS-Denver-Eng & Design [3006]	060.34096	Public Improvement	Public Improvements	66-2202(f)	Relocate 825' of Pipe (360' of 2" Steel, 465' of 1" Steel) with 377' of Pipe (2" Steel) due to Public Improvement project.	49,972	9-Nov-2015	37601	11/01/16	12	1.900%	949	944	50%	24,986	5.00%	1,249	25,291
53	COKS-Olathe-C&M/Service [3143]	060.35545	Public Improvement	Public Improvements	66-2202(f)	Relocate 3,635' of Pipe (3" MDPE) with 3,345' of Pipe (3' of 2" HDPE, 3,342' of 4" HDPE) due to Public Improvement project.	46,872	4-Aug-2016	37602	11/01/16	3	2.010%	942	233	50%	23,436	5.00%	1,172	24,375
											0	#N/A	0	0	50%	-	5.00%	-	-
											0	#N/A	0	0	50%	-	5.00%	-	-
											0	#N/A	0	0	50%	-	5.00%	-	-
											0	#N/A	0	0	50%	-	5.00%	-	-
											0	#N/A	0	0	50%	-	5.00%	-	-
											0	#N/A	0	0	50%	-	5.00%	-	-
							8,277,545						191,093	91,601		4,138,772		206,939	4,254,111

-36.50%

Accumulated Deferred Income Taxes

(\$1,552,751)

Atmos Energy Corporation
Depreciation on Retirements

Line No.	Company	Business Segment	Utility Account	FERC Activity Code	Month Number	Work Order Number	Activity Cost
1	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201511	060.23447	(11)
2	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201601	060.23447	(31)
3	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201603	060.23447	(5)
4	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201605	060.23447	(12)
5	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201606	060.23447	(14)
6	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201607	060.23447	(147)
7	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201607	060.23447	(60)
8	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201608	060.23447	(197)
9	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201608	060.23447	(32)
10	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201609	060.23447	(239)
11	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201510	060.23448	(2,085)
12	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201511	060.23448	(2,585)
13	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201601	060.23448	(24,301)
14	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201602	060.23448	(1,632)
15	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201603	060.23448	(3,477)
16	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201604	060.23448	(7)
17	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201605	060.23448	(692)
18	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201606	060.23448	(1,070)
19	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201607	060.23448	(1,028)
20	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201608	060.23448	(1,142)
21	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201609	060.23448	(1,567)
22	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201510	060.23486	(873)
23	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201511	060.23486	(267)
24	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201512	060.23486	(86)
25	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201512	060.23486	(37)
26	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201601	060.23486	(212)
27	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201601	060.23486	(661)
28	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201602	060.23486	(11)
29	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201603	060.23486	(69)
30	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201604	060.23486	(10)
31	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201604	060.23486	(85)
32	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201605	060.23486	(90)
33	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201607	060.23486	(99)
34	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201607	060.23486	(2,416)
35	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201609	060.23486	(355)
36	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201609	060.23486	(826)
37	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201511	060.23487	(6,138)
38	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201512	060.23487	(251,955)
39	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201601	060.23487	(41,192)
40	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201603	060.23487	(10,372)
41	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201605	060.23487	(7,160)
42	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201606	060.23487	(36)
43	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201607	060.23487	(15,035)
44	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201608	060.23487	(10,318)
45	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201609	060.23487	(19,708)
46	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201601	060.23496	(469)
47	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201602	060.23496	(461)
48	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201602	060.23496	(461)
49	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201604	060.23496	(340)
50	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201606	060.23496	(28)
51	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201607	060.23496	(8)
52	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201607	060.23496	(62,037)
53	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201608	060.23496	(165)
54	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201608	060.23496	3
55	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201609	060.23496	(87)
56	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201609	060.23496	(2,755)
57	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201601	060.23497	(1,385)
58	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201602	060.23497	(1,310)
59	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201603	060.23497	(68)
60	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201604	060.23497	(978)
61	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201605	060.23497	(170)
62	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201607	060.23497	(3,800)
63	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201608	060.23497	(6)
64	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201609	060.23497	(12,524)
65	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201510	060.23506	(88)
66	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201512	060.23506	(613)
67	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201604	060.23506	(162)
68	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37601	Retirement	201607	060.23506	(133)
69	∅ Colorado-Kansas Division	∅01 - Kansas Administration	37602	Retirement	201609	060.23506	(57)
70	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201510	060.23507	(6)
71	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201512	060.23507	(37)
72	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201602	060.23507	(3,856)
73	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201603	060.23507	(195)
74	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201604	060.23507	(514)
75	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201607	060.23507	(103)
76	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201609	060.23507	(795)
77	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201510	060.28361	(1)
78	∅ Colorado-Kansas Division	∅01 - Kansas Administration	38000	Retirement	201511	060.28361	(652)

Atmos Energy Corporation
Depreciation on Retirements

Line No.	Company	Business Segment	Utility Account	FERC Activity Code	Month Number	Work Order Number	Activity Cost
79	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201601	060.28361	(304)
80	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201602	060.28361	(7)
81	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201603	060.28361	(426)
82	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201604	060.28361	(298)
83	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201607	060.28361	(9,311)
84	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201608	060.28361	(457)
85	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201609	060.28361	(224)
86	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201510	060.28362	(287)
87	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201511	060.28362	(35)
88	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201601	060.28362	(102)
89	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201601	060.28362	(5)
90	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201603	060.28362	(91)
91	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201604	060.28362	(80)
92	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201607	060.28362	(181)
93	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201607	060.28362	(13)
94	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201609	060.28362	(13)
95	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201605	060.33777	(3,070)
96	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201605	060.34096	(774)
97	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201605	060.34201	(416)
98	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201605	060.34369	(37,526)
99	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201601	060.34525	(34,799)
100	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201601	060.34658	(15,158)
101	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201603	060.34762	(1,779)
102	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201604	060.34889	(2,383)
103	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201603	060.34916	(23,288)
104	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201608	060.34923	(7,531)
105	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201606	060.35011	(86,881)
106	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201607	060.35025	(1,450)
107	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201607	060.35025	(1,809)
108	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201609	060.35061	(76,363)
109	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201609	060.35061	(43,422)
110	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201605	060.35106	(7,786)
111	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201605	060.35106	(3,302)
112	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201603	060.35122	(824)
113	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201608	060.35322	(8,927)
114	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201608	060.35467	(7,722)
115	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201607	060.35479	(1,737)
116	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201607	060.35479	(480)
117	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201609	060.35545	(18,018)
118	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201609	060.35545	(535,113)
119	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201606	060.35797	(492)
120	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201606	060.35797	(37,580)
121	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201607	060.35797	(34,800)
122	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201608	060.35845	(1,990)
123	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201608	060.35849	(2,695)
124	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201609	060.35918	(387)
125	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201609	060.35919	(7,948)
126	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201609	060.35919	(7,961)
127	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201609	060.35985	(5,911)
128	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201609	060.35985	(9,886)
129	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201609	060.35985	(436,393)
130	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201609	060.35990	(1,429)
131	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201609	060.35990	(3,604)
132	∅ Colorado-Kansas Division	081 - Kansas Administration	38000	Retirement	201609	060.35990	(5,158)
133	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201609	060.36189	(3,969)
134	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201609	060.36285	(113)
135	∅ Colorado-Kansas Division	081 - Kansas Administration	37601	Retirement	201609	060.36546	(1,953)
136	∅ Colorado-Kansas Division	081 - Kansas Administration	37602	Retirement	201609	060.36547	(782)
							(1,998,047)

			Annual Depreciation	
	Account Description	Account Number	Total	Avoided
1	37601-Mains - Steel	37601	(257,622)	(4,895)
2	37602-Mains - Plastic	37602	(190,050)	(3,820)
3	37800-Meas. & Reg. Sta. Eq-General	37800	0	0
4	38000-Services	38000	(1,550,375)	(51,162)
5	38500-Industrial Measuring	38500	0	0
6	38200-Meter Installations	38200	0	0
7	38100-Meters	38100	0	0
			(1,998,047)	(59,877)

Form RF

Index No.

THE STATE CORPORATION COMMISSION OF KANSAS

ATMOS ENERGY CORPORATION

SCHEDULE VIII GSRS Rider

(Name of Issuing Utility)

ENTIRE SERVICE AREA

(Territory to which Schedule is applicable)

No Supplement or separate understanding
shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

GAS SYSTEM RELIABILITY SURCHARGE RIDER**APPLICABILITY**

This rider is applicable to every bill for service provided under each of the Company's sales and transportation rate schedules except where not permitted under a separately negotiated contract with a customer.

RATE

The Gas System Reliability Surcharge (GSRS) shall be applied to each monthly bill. The surcharge shall be as follows:

Residential:	\$ 0.00 <u>40</u> per meter per month
Commercial and Public Authority:	\$ 0.00 <u>1.27</u> per meter per month
Schools:	\$ 0.00 <u>2.05</u> per meter per month
Industrial Firm:	\$ 0.00 <u>1.45</u> per meter per month
Small Generator Service:	\$ 0.00 <u>1.45</u> per meter per month
Irrigation Engine:	\$ 0.00 <u>5.21</u> per meter per month
Industrial Interruptible:	\$ 0.00 <u>1.45</u> per meter per month
School Firm Transportation	\$ 0.00 <u>3.87</u> per meter per month
Firm Transportation	\$ 0.00 <u>19.84</u> per meter per month
Transportation:	\$ 0.00 <u>47.37</u> per meter per month

DEFINITIONS AND CONDITIONS

- 1 The GSRS is intended to recover charges for natural gas public utility plant projects pursuant to K.S.A. 66-2001 through 66-2204.
- 2 The monthly GSRS charge shall be allocated among customers in the same manner as approved in Docket No. 14-ATMG-320-RTS.
- 3 The GSRS shall be charged to customers as a monthly fixed charge and not based on volumetric

Issued: August 13, 2015 October
25, 2016
 (Month) (Day) (Year)

Effective: March 17, 2016
 (Month) (Day) (Year)

By: /s/ Jennifer Ries Vice President, Rates & Regulatory Affairs
 (Signature of Officer) (Title)

16-ATMG-079-RTS
Approved
Kansas Corporation Commission
March 17, 2016
/S/ Amy L. Greey

THE STATE CORPORATION COMMISSION OF KANSAS

ATMOS ENERGY CORPORATION

(Name of Issuing Utility)

SCHEDULE VIII GSRs Rider

ENTIRE SERVICE AREA

(Territory to which Schedule is applicable)

No Supplement or separate understanding
shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

consumption. Such monthly charge shall not Increase more than \$0.40 per residential customer over the base rates In effect for the initial filing of a GSRs. Thereafter, each filing shall not Increase the monthly charge for more than \$0.40 per residential customer over the most recent filing of a GSRs.

- 4 At the end of each twelve-month calendar period the GSRs is in effect, the utility shall reconcile the differences between the revenues resulting from a GSRs and the appropriate pretax revenues as found by the Commission for that period and shall submit the reconciliation and a proposed GSRs adjustment to the Commission for approval to recover or refund the difference through adjustments of the GSRs charge.
- 5 All provisions of this rider are subject to changes made by order of the Commission.

Issued: August 13, 2015 October
25, 2016
 (Month) (Day) (Year)

Effective: March 17, 2016
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Index No.

THE STATE CORPORATION COMMISSION OF KANSAS

ATMOS ENERGY CORPORATION

SCHEDULE VIII GSRs Rider

(Name of Issuing Utility)

ENTIRE SERVICE AREA

(Territory to which Schedule is applicable)

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Sheet 1 of 1 Sheets

GAS SYSTEM RELIABILITY SURCHARGE RIDER**APPLICABILITY**

This rider is applicable to every bill for service provided under each of the Company's sales and transportation rate schedules except where not permitted under a separately negotiated contract with a customer.

RATE

The Gas System Reliability Surcharge (GSRs) shall be applied to each monthly bill. The surcharge shall be as follows:

Residential:	\$0.40 per meter per month
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Small Generator Service:	\$1.45 per meter per month
Irrigation Engine:	\$5.21 per meter per month
Industrial Interruptible:	\$1.45 per meter per month
School Firm Transportation	\$3.87 per meter per month
Firm Transportation	\$19.84 per meter per month
Transportation:	\$47.37 per meter per month

DEFINITIONS AND CONDITIONS

- 1 The GSRs is intended to recover charges for natural gas public utility plant projects pursuant to K.S.A. 66-2001 through 66-2204.
- 2 The monthly GSRs charge shall be allocated among customers in the same manner as approved in Docket No. 14-ATMG-320-RTS.
- 3 The GSRs shall be charged to customers as a monthly fixed charge and not based on volumetric consumption. Such monthly charge shall not increase more than \$0.40 per residential customer over the base rates in effect for the initial filing of a GSRs. Thereafter, each filing shall not increase the monthly charge for more than \$0.40 per residential customer over the most recent filing of a GSRs.
- 4 At the end of each twelve-month calendar period the GSRs is in effect, the utility shall reconcile the differences between the revenues resulting from a GSRs and the appropriate pretax revenues as found by the Commission for that period and shall submit the reconciliation and a proposed GSRs adjustment to the Commission for approval to recover or refund the difference through adjustments of the GSRs charge.
- 5 All provisions of this rider are subject to changes made by order of the Commission.

Issued: October 25, 2016
(Month) (Day) (Year)

Effective: _____
(Month) (Day) (Year)

By: /s/ Jennifer Ries Vice President, Rates & Regulatory Affairs
(Signature of Officer) (Title)

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos Energy for)
Approval of the Commission for Gas System) Docket No. 17-ATMG-____-TAR
Reliability Surcharge per K.S.A. 66-2201 through)
66-2204

DIRECT TESTIMONY OF BARTON W. ARMSTRONG

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Barton W. Armstrong, and my business address is 25090 W. 110th Terrace,
3 Olathe, Kansas 66061.

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

5 A. I am employed by Atmos Energy Corporation ("Atmos Energy") as Vice President of
6 Operations. In that capacity, I have overall responsibility for the safe and reliable provision
7 of gas service in the Kansas Region, including daily operations and maintenance activities,
8 and planning and completion of capital investment projects.

9 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
10 **EXPERIENCE.**

11 A. I received a Bachelor of Science degree from Texas Tech University, Lubbock, Texas, in
12 1991. I have been employed in the natural gas distribution business for 25 years, during
13 which time I have worked in various capacities in operations and marketing. I began work in
14 1990 for Atmos Energy (formerly Energas) in Lubbock, Texas as a utility worker in the
15 service department. From 1993 to 2006, I worked in the Marketing department in various
16 roles including Sales Representative, Industrial and Large Volume Sales Manager and
17 Marketing Manager for the West Texas Division. In this role I was responsible for all
18 business development, gas transportation revenues, sales revenues, customer growth and

1 operations of an Intrastate pipeline that supplied natural gas to over 200,000 customers in
2 West Texas. In 2007 I was promoted to Operations Manager in Lubbock and responsible for
3 89 employees, 6,000 miles of pipe, all daily field operations, maintenance and capital
4 projects. In 2008 I was promoted to Vice President of Marketing for the Colorado Kansas
5 Division and relocated to Olathe, Kansas. In this role I was responsible for coordinating
6 growth activity, business development, and customer service for both Colorado and Kansas.
7 In 2009 I was named to my current position in Kansas.

8 **Q. PLEASE BRIEFLY DESCRIBE ATMOS ENERGY'S KANSAS GAS**
9 **OPERATIONS.**

10 A. Atmos Energy serves approximately 129,000 customers in 106 communities and in 32
11 surrounding counties in Kansas. The communities are spread throughout the state. Atmos
12 Energy has a Kansas-based work force of approximately 150 employees. Our utility plant
13 includes 4,753 miles of service lines, distribution and transmission lines.

14 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

15 A. Yes.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A. The purpose of my testimony is to support the eligibility of infrastructure system
18 replacement projects included in Atmos Energy's proposed Gas System Reliability
19 Surcharge ("GSRS").

20 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

21 A. Yes. As mentioned in Ms. Ries's testimony, I am sponsoring that portion of Exhibit 5
22 relating to the specific projects and functional or blanket projects identified in Exhibit 5.
23 Exhibit 5 contains a summary of the specific projects and the functional projects included in

1 this filing. Exhibit BWA-1 (on cd) includes the supporting documentation for each of the
2 specific projects identified in Exhibit 5¹. Atmos Energy maintains a file for each of the
3 functional projects listed in Exhibit 5. However, because of the voluminous nature of the
4 files, Atmos Energy will make those files available to Staff and any other party at Atmos
5 Energy's offices in Olathe, Kansas, similar to what it did in its last GSRS filing.

6 **Q. WHAT IS A GAS SYSTEM RELIABILITY SURCHARGE (GSRS)?**

7 A. In 2006, Senate Bill 414, the Gas Safety and Reliability Act, was passed into law. Under this
8 law, a utility "may file a petition and proposed rate schedules with the commission to
9 establish or change GSRS rate schedules that will allow for the adjustment of the natural gas
10 public utility's rates and charges to provide for the recovery of costs for eligible
11 infrastructure system replacements." Each year a utility is required to relocate and replace
12 certain segments of its system. The GSRS will allow the utility to recover these expenses
13 between rate cases through a surcharge.

14 **Q. HOW IS "ELIGIBLE INFRASTRUCTURE SYSTEM REPLACEMENT"**
15 **DEFINED?**

16 A. K.S.A. 66-2202 defines "eligible infrastructure system replacement" as: "natural gas public
17 utility plant projects that: (1) Do not increase revenues by directly connecting the
18 infrastructure replacement to new customers; (2) are in service and used and required to be
19 used; and (3) were not included in the natural gas public utility's rate base in its most recent
20 general rate case" and shall only consist of the following:

21 (1) Mains, valves, service lines, regulator stations, vaults, and other pipeline system
22 components installed to comply with state or federal safety requirements as

1 The supporting documentation included in Exhibit BWA-1 is considered CONFIDENTIAL by Atmos Energy for security purposes.

1 replacements for existing facilities;

2 (2) Main relining projects, service line insertion projects, joint encapsulation projects
3 and other similar projects extending the useful life or enhancing the integrity of
4 pipeline system components undertaken to comply with state or federal safety
5 requirements; and

6 (3) Facility, relocations required due to construction or improvement of a highway, road,
7 street, public way or other public work by or on behalf of the United States, this state,
8 a political subdivision of this state, or another entity having the power of eminent
9 domain provided that the costs related to such projects have not been reimbursed to
10 the natural gas public utility.

11 **Q. WHAT TYPES OF PROJECTS ARE INCLUDED IN ATMOS ENERGY'S GSRS**
12 **PROPOSAL?**

13 A. Exhibit 5 summarizes the projects being included in this GSRS proposal. There are three
14 groups of projects being submitted. The first group is comprised of specific safety related
15 system replacements and are summarized in Exhibit 5 with back up documentation included
16 in Exhibit BWA-1. The second group consists of governmentally mandated road relocation
17 projects which have not been reimbursed to the natural gas utility and are also summarized
18 in Exhibit 5, with back up documentation included in Exhibit BWA-1. The third group is
19 comprised of functional safety related projects and are listed and summarized in Exhibit 5.
20 All three groups of projects are eligible for inclusion in a GSRS proposal. Exhibit 5 is a
21 summary of both specific and functional projects included in the filing. The exhibits provide
22 the location, project description, work order number and completion date for each of the
23 specific projects. The safety related projects listed in Exhibit 5 also include the category of

1 the applicable state or federal pipeline safety requirements relating to the replacement of the
2 existing facilities and a full description of how the project meets the specific pipeline safety
3 regulation, or to state the project is due to a Public Works Project. Atmos Energy maintains a
4 file for each of the functional projects listed in Exhibit 5. However, because of the
5 voluminous nature of the files, Atmos Energy will make those files available to Staff and any
6 other party at Atmos Energy's office in Olathe, Kansas.

7 **Q. WHAT IS THE INCLUSION CRITERIA FOR THE FIRST AND THIRD TYPES OF**
8 **PROJECTS BEING INCLUDED IN THE PROPOSAL (SPECIFIC AND**
9 **FUNCTIONAL SAFETY RELATED SYSTEM REPLACEMENT PROJECTS)?**

10 A. The inclusion criteria for the safety related projects, according to K.S.A. 66-2202, is as
11 follows: "(1) Mains, valves, service lines, regulator stations, vaults and other pipeline system
12 components installed to comply with state or federal safety requirements as replacements for
13 existing facilities; and (2) Main relining projects, service line insertion projects, joint
14 encapsulation projects and other similar projects extending the useful life or enhancing the
15 integrity of pipeline system components undertaken to comply with state or federal safety
16 requirements."

17 **Q. REGARDING THE SECOND TYPE OF PROJECT BEING INCLUDED IN THE**
18 **PROPOSAL (GOVERNMENT MANDATED ROAD RELOCATIONS), WHAT IS**
19 **THE INCLUSION CRITERIA FOR THESE ROAD RELOCATION PROJECTS?**

20 A. The inclusion criteria for the road relocation projects, according to K.S.A. 66-2202, is as
21 follows: "Facility relocations required due to construction or improvement of a highway,
22 road, street, public right of way or other public work by or on behalf of the United States, this
23 state, a political subdivision of this state or another entity having the power of eminent

1 domain provided that the costs related to such projects have not been reimbursed to the
2 natural gas utility."

3 **Q. ARE PROJECTS OTHER THAN SAFETY RELATED AND GOVERNMENT**
4 **MANDATED ROAD RELOCATIONS MEETING THE INCLUSION CRITERIA**
5 **LISTED ABOVE BEING INCLUDED IN THE GSRS PETITION?**

6 A. No. Only projects meeting the criteria previously mentioned are being submitted for
7 consideration in this filing.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes, it does.

VERIFICATION OF BARTON W. ARMSTRONG

STATE OF KANSAS)
)ss:
COUNTY OF JOHNSON)

I, Barton W. Armstrong, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Direct Testimony of Barton W. Armstrong; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.


Barton W. Armstrong

SUBSCRIBED AND SWORN to before me this 24th day of October, 2016.


Notary Public

Appointment/Commission Expires: 8/4/20

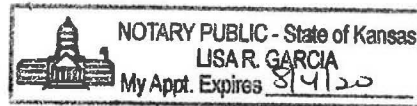


EXHIBIT BWA-1

(on cd)