

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR APPROVAL OF A SPECIAL)	CASE NO.
CONTRACT PURSUANT TO ITS ECONOMIC)	2014-00187
DEVELOPMENT RIDER)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO ATMOS ENERGY CORPORATION

Atmos Energy Corporation ("Atmos"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due within ten days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, 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.

Atmos shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Atmos fails or refuses to furnish all or part of the requested information, Atmos shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the response to Item 2 of Commission Staff's Second Request for Information ("Staff's Second Request").

a. The response states that links to a few Kobe Aluminum Automotive Products, LLC ("Kobe") announcements are provided; however no links were included in the information provided. Provide Kobe's announcements and press releases regarding the expansion.

b. Attachment 1 to the response includes a May 7, 2013 message from Frank Sadler indicating a cost of \$111,429 to relocate a "4" steel main and a large part" of Kobe's service line. State whether this main and service line relocation and the associated cost are due to the expansion that is the subject of this application. If so, explain Atmos's response to Item 1.a. of Commission Staff's First Request for Information ("Staff's First Request") indicating that it does not anticipate incurring any fixed costs with regard to the provision of additional volumes to Kobe.

c. Attachment 2 to the response includes a March 6, 2014 message from Gregory Head at the bottom of the first page of the attachment. The message indicates that a 25 percent increase in gas usage was expected in April 2014 as a result of a new meter and service line provided by Atmos in July of 2013.

(1) State whether the July 2013 meter set and service line referenced in this message is the same service line and new meter set discussed in Frank Sandler's May 7, 2013 message that is referenced in part b. of this request.

(2) In Attachment 1 to the response to Item 2 of Staff's First Request, the 242,404 Mcf volumes shown for the 12 months ended May of 2014 are 27,000 (12.4 percent) Mcf greater than the volumes for the 12 months ended May of 2013. State whether the anticipated 25 percent increase in gas usage referenced in Mr. Head's March 6, 2014 message is reflected in the volumes for the 12 months ended May 2014. Include in the response a schedule of Kobe usage by month for the three years portrayed in Attachment 1 to the response to Item 2 of Staff's First Request.

(3) Provide Kobe's monthly usage for June, July, and August of 2014.

(4) If the 25 percent increase in gas usage occurred in April 2014 as contemplated in Mr. Head's message, provide Kobe's expected annualized usage resulting from the July 2013 meter set and service line provided by Atmos.

(5) Clarify whether the July 2013 meter set and service line referenced in the message occurred as a result of the expansion that is the subject of this application or as a result of a previous expansion.

(6) The message from Mr. Head also includes a sentence that refers to adding two billet furnaces and concludes with the phrase ". . . and should see a 25%-30% increase in usage." Clarify whether this increase in usage is attributable to the expansion referenced in the question to which Mr. Head was responding (the one for which Atmos set a new service line and meter in July of 2013).

2. Refer to Attachment 2 to the response to Item 2 of Staff's First Request.

a. The total for the 12 months included in the column headed "Current Mcf" is 227,529 Mcf. Identify the 12-month period reflected in this column.

b. The monthly volumes for the first 12 months in the column headed "Estimated Mcf" are equal to 125 percent of the monthly volumes in the "Current Mcf" column. Explain whether those volumes are intended to reflect the expected 25 percent usage increase referenced in the aforementioned March 6 message from Mr. Head.

c. The volumes for months 13-24 in the "Estimated Mcf" column are equal to 110 percent of the volumes in months 1-12 of that column; the volumes for months 25-36 are equal to 110 percent of the volumes in months 13-24 of that column; and volumes for months 37-48 are equal to 110 percent of the volumes in months 25-36 of that column. Explain how this 10 percent annual growth rate was developed.

3. Page 14 of the Commission's Order in Administrative Case No. 327 ("Admin. 327")¹ addresses the free rider issue:

On the other hand, however, the Commission realizes that customers do not require identical incentives in order to locate a new facility in a particular area or to expand existing operations. In fact, for some customers, utility rate incentives may not even be a factor in their locational or expansionary decision-making process. Customers who would have decided to locate in Kentucky or expand existing operations even in the absence of rate discounts, but who would take advantage of EDRs that are offered to all new or expanding customers, in effect, become "free riders" on the utility system at the expense of all other ratepayers.

¹ Administrative Case No. 327, An Investigation Into the Implementation of Economic Development Rates by Electric and Gas Utilities (Ky. PSC Sept. 24, 1990).

Within the context expressed above by the Commission, explain whether a free rider problem will be created by offering an EDR discount to Kobe for an expansion that appears will have occurred without an EDR discount.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **AUG 25 2014**

cc: Parties of Record

Mark R Hutchinson
Wilson, Hutchinson & Poteat
611 Frederica Street
Owensboro, KENTUCKY 42301