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March 31, 2016

James Gardner
Acting Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Atmos Energy Corporation
Case No. 2016-00052

Dear Mr. Gardner:

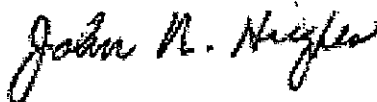
Atmos Energy Corporation submits its responses to the Commission's Second Data Request and a petition for confidentiality for responses to Item 1.

If you have any questions about this filing, please contact me.

Submitted By:

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And



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Attorneys for Atmos Energy Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE FILING OF SEVEN (7) SPECIAL
INDUSTRIAL CONTRACTS BY ATMOS
ENERGY CORPORATION

) CASE NO.
) 2016-00052

PETITION FOR CONFIDENTIALITY

Atmos Energy Corporation (Atmos Energy) petitions for an order granting confidential protection of its responses to Item 1 of the Commissions second request. This petition is filed pursuant to 807 KAR 5:001, Section 13 and KRS 61.878. The information sought in the data requests is commercial information which if disclosed could cause substantial competitive harm to Atmos Energy. This information is not publicly available. It would be difficult or impossible for someone to discover this information from other sources. If this information were available to competitors in this form, they could use it to the competitive detriment of Atmos Energy. This information is not generally disclosed to non-management employees of Atmos Energy and is protected internally by the Company as proprietary information. The disclosure of this proprietary information would result in significant or irreparable competitive harm to Atmos Energy by providing its competitors with non-reciprocal competitive advantage. No public purpose is served by the disclosure of such information.

The Kentucky Open Records Act exempts from disclosure certain confidential or proprietary information. KRS 61.878(1)(c). To qualify for this exemption, and, therefore,

maintain the confidentiality of the information, a party must establish that disclosure of the information would permit an unfair commercial advantage to competitors of the party seeking confidentiality. Staff question 2-01 is the subject of the petition:

Refer to Atmos's response to Commission Staff's First Request for Information ("Staff's First Request"), Item 1.

- a. Explain why the estimated annual volumes for Customer A are different from what is shown on the Analysis of Contribution to Fixed Cost for this customer, which was provided in Atmos's December 16, 2015 special contract filing.
- b. Confirm that the second-tier rate for Customer B is the same as the current rate for that customer. Explain why second-tier revenues for Customer B are shown as new revenue, since second-tier volumes should be priced at the existing rate, and confirm that the only revenue change for Customer B should be the amount shown for first-tier revenues.
- c. Confirm that the second-tier rate for Customer C is the same as the current rate for that customer. Explain why second-tier revenues for Customer C are shown as new revenue, since second-tier volumes should be priced at the existing rate, and confirm that the only revenue change for Customer C should be the amount shown for first-tier revenues.

The responses to these items provide information that identifies customer name, customer identifiable information, such as contracts, location, and specific volumetric usage and plant facilities associated with the customer. All of this information is protected by the scope of confidentiality. The applicable statutes provide that "records confidentially disclosed to an agency or required by any agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the

records" shall remain confidential unless otherwise ordered by a court of competent jurisdiction." KRS 81.878(1).

The natural gas industry is very competitive. Atmos Energy has competitors, who could use this information to their advantage and to the direct disadvantage of Atmos Energy. Atmos Energy would be at a competitive threat of loss of business due to the ability of its competitors to leverage the information to their advantage. The public disclosure of the customer name, customer identifiable information, monetary terms negotiated with each customer and critical monetary terms would permit an unfair advantage to those competitors. With the identity of the customer and the knowledge of the contract terms, competitors would have inside information to target these customers. For these reasons, the customer name, customer identifiable information, and monetary terms in the contracts are exempt from public disclosure pursuant to KRS 61.878(c)(1).

The Commission has previously ruled that these contract submissions are confidential in the prior rate case 2013-00148. The contract terms are also excluded from public disclosure by KRS 278.160(3). This same information is the subject of a pending petition for confidentiality filed with the submission of these contracts and in response to the Commission's data requests in Case 2015-00343, which are incorporated by reference.

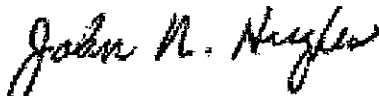
Atmos Energy requests that the information be held confidentially indefinitely. The statutes cited above do not allow for disclosure at any time. Given the competitive nature of the natural gas business and the efforts of non-regulated competitors to

encroach upon traditional markets, it is imperative that regulated information remain protected and that the integrity of the information remain secure.

For these reasons, Atmos Energy requests that the items identified in this petition be treated as confidential. Should the Commission determine that some or all of the material is not to be given confidential protection, Atmos Energy requests an hearing prior to any public release of the information to preserve its rights to notice of the grounds for the denial and to preserve its right of appeal of the decision.

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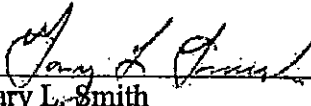
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE FILING OF)
SEVEN (7) SPECIAL INDUSTRIAL)
CONTRACTS BY ATMOS ENERGY)
CORPORATION)

Case No. 2016-00052

AFFIDAVIT

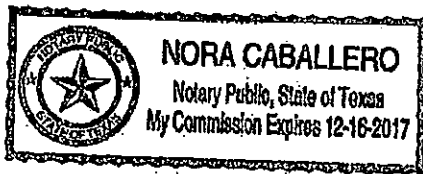
The Affiant, Gary L. Smith, being duly sworn, deposes and states that the attached responses to Commission Staff's second request for information are true and correct to the best of his knowledge and belief.




Gary L. Smith

STATE OF Texas
COUNTY OF Lubbock

SUBSCRIBED AND SWORN to before me by Gary L. Smith on this the 28 day of March, 2016.





Notary Public
My Commission Expires: 12-16-2017

Case No. 2016-00052
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 2
Question No. 2-01
Page 1 of 2

REQUEST:

Refer to Atmos's response to Commission Staff's First Request for Information ("Staff's First Request"), Item 1.

- a. Explain why the estimated annual volumes for Customer A are different from what is shown on the Analysis of Contribution to Fixed Cost for this customer, which was provided in Atmos's December 16, 2015 special contract filing.
- b. Confirm that the second-tier rate for Customer B is the same as the current rate for that customer. Explain why second-tier revenues for Customer B are shown as new revenue, since second-tier volumes should be priced at the existing rate, and confirm that the only revenue change for Customer B should be the amount shown for first-tier revenues.
- c. Confirm that the second-tier rate for Customer C is the same as the current rate for that customer. Explain why second-tier revenues for Customer C are shown as new revenue, since second-tier volumes should be priced at the existing rate, and confirm that the only revenue change for Customer C should be the amount shown for first-tier revenues.

RESPONSE:

- a) The estimated annual volumes shown on the Analysis of Contribution to Fixed Cost for Customer A were incorrect in Atmos Energy's December 16, 2015 special contract filing. The Company apologizes for the oversight and any confusion that the oversight may have caused. Please see Confidential Attachment 1 for a corrected, confidential Analysis of Contribution to Fixed Cost for this customer.
- b) The Company confirms that the proposed second-tier rate for Customer B is the same as the current rate on all volumes for that customer. Upon reflection, the Company acknowledges that Attachment 1 to the Company's response to Staff DR No. 1-01 is confusing. Please see Confidential Attachment 2 for a reformatted calculation showing more clearly a comparative price-out, by tier, under current and proposed rates.
- c) The Company confirms that the proposed second-tier rate for Customer C is the same as the current rate on all volumes for that customer. Upon reflection, the Company acknowledges that Attachment 1 to the Company's response to Staff DR No. 1-01 is confusing. Please refer to the Company's response to subpart (b) of this request for a reformatted calculation showing more clearly a comparative price-out, by tier, under current and proposed rates.

Case No. 2016-00052
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 2
Question No. 2-01
Page 2 of 2

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_2-01_Att1 - Cust A - Fixed Cost Contribution Corrected (CONFIDENTIAL).xlsx, 2 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, Staff_2-01_Att2 - Special Contracts Existing vs Proposed Rates Reformatted (CONFIDENTIAL).xlsx, 1 Page.

Respondent: Gary Smith

CONFIDENTIAL

3/29/2016

Analysis of Contribution to Fixed Cost

Annual Mcf {1}

Annual Revenue {1}:

Monthly Base Charges, @ Tariff	12 mo. X \$350/mo. =	\$	4,200
Transportation Adm. Fee, @ Tariff	12 mo. X \$50/mo. =		600
Commodity Gas Cost, @ Tariff			- *
Non-Commodity Charges, @ Tariff			- *
Simple Margin, special contract rates applied to annual deliveries:			

@ per Mcf

TOTAL _____

* - Excluding non-commodity charges and gas costs as noted.

Less Variable/Avoidable Costs:

Lost & Unaccounted For {2} -

Odorant {3}

KPSC Assessment {3}

Measurement/Regulation Station {3}

Meter Reading, Maintenance and Billing - _____

Contribution to Fixed Cost: _____

- Notes:
- {1} - Pro-forma Test Year Volumes in Case 2015-00343. Annual Revenue applying rate structures and service mix in pending special contract.
 - {2} - In accordance with tariffs, Company retains a portion of Customers supplies to compensate for the L&U experienced in Atmos' distribution system. Thus, the variable cost of L&U is, in effect, recovered through gas-in-kind retention.
 - {3} - Calculations shown on Page 2 of this Exhibit.

CONFIDENTIAL

3/29/2016
Page 2

Analysis of Contribution to Fixed Cost

Odorant:

Odorant injection rate, lb./MMcf	0.75
	x -
Odorant Cost per lb., current	x <u>2.15</u>

KPSC Assessment:

Annual Revenue	\$ -
Percentage	<u>0.1901%</u>

Measurement/Regulation Station:

Standard Measurement/Regulation Station Cost-	
Materials: Regulators, valves, piping, etc.	\$ 14,500
Labor: Fabrication and installation	<u>5,200</u>
Total	19,700
Annual Depreciation Rate -	x <u>3.07%</u>
Annual Depreciation Expense	605
Capital Cost {1}	1,519
Income Tax {2}	<u>369</u>
	1,888

TOTAL

Notes: {1} - Investment in Measurement/Regulation Station times 7.71% rate of return on investment.
{2} - Composite State and Federal income tax rate (38.90%) times equity portion of return on investment (4.82% times investment in Measurement/Regulation Station).

Atmos Energy Corporation
 Kentucky / Mid-States Division
 Kentucky Operations
 Case No. 2016-00052
 Staff DR Set 2 - 1
 (Clarifying Previous Response to Staff DR Set 1 - 1)
 CONFIDENTIAL

REDACTED COPY

Line No.	(a) Docket Customer ID	(b) Current Commodity/Mcf	(c) Proposed Commodity/Mcf	(d) Est. Vol (Mcf)	(e) Current Revenue ^a	(f) New Revenue ^a	(g) Revenue Change ^a
1	A	All Volumes	All Volumes				
2	B	All Volumes	1 - 100,000 Mcf				
3		All Volumes	>100,001 Mcf				
4	F	1 - 15,000 Mcf	All Volumes				
5		> 15,000 Mcf	All Volumes				
6	G	All Volumes	All Volumes (Yr 1)				
7			All Volumes (Yr 2)				
8			All Volumes (Yr 3 to 10)				
9	C	All Volumes	1 - 100,000 Mcf				
10		All Volumes	>100,001 Mcf				
11	E	All Volumes	All Volumes				
12	D	All Volumes	All Volumes				
13							

Note 1 - Excludes revenues associated with tariff monthly customer charges and transportation administration fees. These additional charges apply to each customer.