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PUBLIC SERVICE
COMMISSION

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September 22, 2016

Talina R. Mathews
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, Kentucky 40602

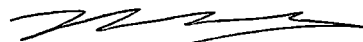
RE: Atmos Energy Corporation - Case No. 2016-00052

Dear Ms. Mathews:

Atmos Energy Corporation submits pursuant to the Order of April 12, 2106, supplemental responses to the relevant prior data requests related to special contracts I & J. A petition for confidentiality for the data responses is also being submitted.

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

Very truly yours,



Mark R. Hutchinson

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE FILING OF SEVEN (7) SPECIAL)	CASE NO.
INDUSTRIAL CONTRACTS BY ATMOS)	2016-00052
ENERGY CORPORATION		

PETITION FOR CONFIDENTIALITY

Atmos Energy Corporation (Atmos Energy) has submitted two additional special contracts, designated as customers I and J. The Commission's Order of April 12, 2016 directed Atmos Energy to submit responses to previously requested data for any additionally filed special contracts as follows:

4. Any additional service agreements renegotiated pursuant to the special contract reformations discussed in pages 14-16 of the Direct Testimony of Gary Smith in Case No. 2015-00343 shall be filed for approval into the record of this proceeding along with all information pertaining to such agreements previously required to be submitted in requests for information.

This petition is filed pursuant to 807 KAR 5:001, Section 13 and KRS 61.878. The information provided in response to the Staff's prior requests for information 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 propriety

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.

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 any agency or required by an agency to be disclosed to it, and that are 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 should remain confidential unless otherwise ordered by a court of competent jurisdiction.

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 information related to these special contract submissions are confidential in the prior rate case 2013-00148. The contract terms are also excluded from public disclosure by KRS 278.101(3).

Atmos Energy requests that the information be held confidential 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 request a hearing prior to 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.

Submitted by:

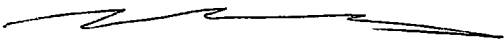
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Fax: None
jnhughes@johnnhughespsc.com

Attorneys for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of September, 2016 the original of this Petition for Confidentiality, with the Confidential Information for which confidential treatment is sought, together with ten (10) copies of the Petition without the confidential information, were hand delivered to the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40206 and a true and correct copy was hand delivered to Kent Chandler, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204



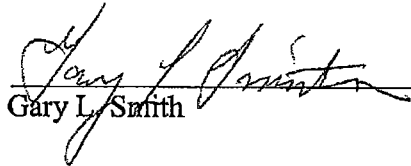
Mark R. Hutchinson

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE FILING OF)
SEVEN (7) SPECIAL INDUSTRIAL) Case No. 2016-00052
CONTRACTS BY ATMOS ENERGY)
CORPORATION)

AFFIDAVIT

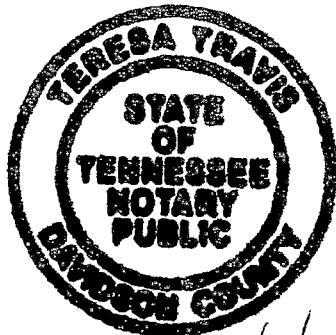
The Affiant, Gary L. Smith, being duly sworn, deposes and states that the attached supplemental responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.

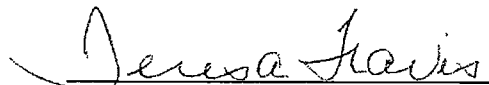


Gary L. Smith

STATE OF Tennessee
COUNTY OF Davidson

SUBSCRIBED AND SWORN to before me by Gary L. Smith on this the 20th day of September, 2016.





Notary Public
My Commission Expires: 5/5/20

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

SUPPLEMENTAL RESPONSE (9/21/2016)

REQUEST:

Provide a comparison of the existing contract rates and proposed contract rates, and the respective annual revenue estimates for each customer to be served under one of the seven special contracts identified as 2016-00052-A through 2016-00052-G in the Commission's February 9, 2016 Order in this proceeding and attached as an Appendix to that Order.

RESPONSE:

Please see Confidential redacted supplemental Attachments 1 through 3, which have been updated for Customer I and Customer J.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-01_Att1_Suppl2 - Redacted - Special Contracts Existing vs Proposed Rates.xlsx, 1 Page.

ATTACHMENT 2 - Atmos Energy Corporation, Staff_1-01_Att2_Suppl2 - Redacted - Fixed Cost Contribution - Customer I.xlsx, 2 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, Staff_1-01_Att3_Suppl2 - Redacted - Fixed Cost Contribution - Customer J.xlsx, 2 Pages.

Respondent: Gary Smith

Atmos Energy Corporation
 Kentucky / Mid-States Division
 Kentucky Operations
 Case No. 2016-00052
 Staff DR Set 1 - 1

UPDATED: 9/9/2016
 To Include Customers "I" and "J"

REDACTED COPY

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(a)	(b)	(c)	(d)	(e)	(f)	(g)
Docket Customer ID	Current Commodity/Mcf	Proposed Commodity/Mcf	Est. Vol (Mcf)	Current Revenue ¹	New Revenue ¹	Revenue Change ¹
A		All Volumes				
B		1 - 100,000 Mcf >100,001 Mcf				
F		All Volumes All Volumes				
G		All Volumes (Yr 1) All Volumes (Yr 2) All Volumes (Yr 3 to 10)				
C		1 - 100,000 Mcf >100,001 Mcf				
E		All Volumes				
D		All Volumes				
H		All Volumes				
I		All Volumes				
J		All Volumes				

16 Total

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

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9/21/2016

Analysis of Contribution to Fixed Cost

Annual Mcf {1}

Annual Revenue {1}:

Monthly Base Charges, @ Tariff	12 mo. X \$375/mo. =	\$	4,500
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.

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9/21/2016
 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.	\$	96,000	
Labor: Fabrication and installation		<u>60,000</u>	
Total		156,000	
Annual Depreciation Rate -	x	<u>3.07%</u>	
Annual Depreciation Expense		4,789	
Capital Cost {1}		12,028	
Income Tax {2}		<u>2,924</u>	
		14,951	
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).

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9/21/2016

Analysis of Contribution to Fixed Cost

Annual Mcf {1} [REDACTED]

Annual Revenue {1}:

Monthly Base Charges, @ Tariff	12 mo. X \$375/mo. =	\$	4,500
Transportation Adm. Fee, @ Tariff	12 mo. X \$50/mo. =		600
Commodity Gas Cost, @ Tariff	[REDACTED]		-
Non-Commodity Charges, @ Tariff	[REDACTED]		-
Simple Margin, special contract rates applied to annual deliveries:			
Interruptible Service -			
[REDACTED] @ [REDACTED] per Mcf			[REDACTED]
	TOTAL		[REDACTED]

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

Less Variable/Avoidable Costs:

Lost & Unaccounted For {2} -

Odorant {3} [REDACTED]

KPSC Assessment {3} [REDACTED]

Measurement/Regulation Station {3} [REDACTED]

Meter Reading, Maintenance and Billing -

Contribution to Fixed Cost: [REDACTED]

- 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.
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9/21/2016
 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.	\$	96,000
Labor: Fabrication and installation		<u>60,000</u>
Total		156,000
Annual Depreciation Rate -	x	<u>3.07%</u>
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Capital Cost {1}		12,028
Income Tax {2}		<u>2,924</u>
		14,951
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).

Case No. 2016-00052
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-02 (Supplement 2)
Page 1 of 1

SUPPLEMENTAL RESPONSE (9/21/2016)

REQUEST:

Provide a complete description of the unique circumstances of each special contract customer that justify offering the customer a discount from the applicable tariff rate(s). The descriptions should include the specific threat of bypass posed for each customer.

RESPONSE:

Please see Confidential redacted supplemental Attachment 1, and Confidential supplemental Attachments 2 and 3, which have been updated for Customers I and J.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-02_Att1_Suppl2 - Redacted - Special Contract Customer Circumstances.pdf, 3 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, Staff_1-02_Att2_Suppl2 - Customer I Map (CONFIDENTIAL).pdf, 1 Page.

ATTACHMENT 3 - Atmos Energy Corporation, Staff_1-02_Att3_Suppl2 - Customer J Map (CONFIDENTIAL).pdf, 1 Page.

Respondent: Gary Smith

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KPSC Case No. 2016-00052

UPDATE: 9/09/2016

Includes Customers "I" and "J"

Staff Request 1-2

Unique competitive circumstances for each customer.

Docket Customer ID – A

- Customer consumes
- Located only feet from a potential interstate pipeline tap. (See map attached as Attachment 2)
- Pipeline route is very manageable, adjacent to a roadway.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass
-

Docket Customer ID – B

- Customer consumes
- Located only feet from a potential interstate pipeline tap. (See map attached as Attachment 3)
- Pipeline route is very manageable, adjacent to a roadway.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of

Docket Customer ID – C

- Customer consumes
- Located only feet from a potential interstate pipeline tap. (See map attached as Attachment 4)
- Pipeline route is very manageable, adjacent to a roadway.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of

Docket Customer ID – D

- Customer consumes
- Located only feet from a potential interstate pipeline tap. (See map attached as Attachment 5)
- Pipeline route is very manageable, on farm land along a property line.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of

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KPSC Case No. 2016-00052

Staff Request 1-2

Page 2

Docket Customer ID – E

- Customer consumes
- Located only feet from a potential interstate pipeline tap. (See map attached as Attachment 6)
- Near
- Pipeline route is very manageable, on open, undeveloped land.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of . Lower simple payback if costs

Docket Customer ID – F

- Customer consumes
- Located only feet from a potential interstate pipeline tap. (See map attached as Attachment 7)
- Pipeline route is very manageable, adjacent to a roadway.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of

Docket Customer ID – G

- Customer consumes
- Located only miles from a potential interstate pipeline tap. (See map attached as Attachment 8)
- Near
- Pipeline route is very manageable, on open, undeveloped land and along roadways.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of years. Lower simple payback if costs

Docket Customer ID – H

- Customer consumes

- Interstate pipeline tap is located . (See map attached as Attachment 9)
- Customer owns piping downstream of interstate tap on its property.
- Depending on construction and tap costs, avoided tariff transportation charges could provide a simple payback on bypass of less

Docket Customer ID – I

- Customer consumes
- Located less than miles from a potential interstate pipeline tap. (See map attached as Attachment 10)
- Near
- Pipeline route is very manageable, on open, undeveloped land and along roadways.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of years. Lower simple payback if costs

Docket Customer ID – J

- Customer consumes
- Located only miles from a potential interstate pipeline tap. (See map attached as Attachment 11)
- Near
- Pipeline route is very manageable, on open, undeveloped land and along roadways.
- Depending on construction and tap costs, avoided tariff transportation charges would provide a simple payback on bypass of years. Lower simple payback if costs

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CASE NO. 2016-00052
ATTACHMENT 2
TO STAFF DR NO. 1-02
(SUPPLEMENT 09-21-16)

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CASE NO. 2016-00052
ATTACHMENT 3
TO STAFF DR NO. 1-02
(SUPPLEMENT 09-21-16)

Case No. 2016-00052
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-03 (Supplement 2)
Page 1 of 1

SUPPLEMENTAL RESPONSE (9/21/2016)

REQUEST:

State whether any contract term, other than the rate(s), relating to the provision of service to any of the seven special contract customers is being changed in the proposed contracts. If so, list each change for each customer.

RESPONSE:

Please see Confidential redacted supplemental Attachment 1, which has been update for Customers I and J.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-03_Att1_Suppl2 - Redacted - Special Contract Terms.pdf, 2 Pages.

Respondent: Gary Smith

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REDACTED

UPDATE: 9/09/2016

Includes Customers "I" and "J"

KPSC Case No. 2016-00052

Staff Request 1-3

Changes in contract terms other than pricing

All contracts contain new language regarding confidentiality and electronic flow metering requirements. Additional changes for each contract are as follows:

Docket Customer ID – A

- All volumes on
- Updated Peak Day Volume
- Updated Peak Hour Volume
- Added MDQ

Docket Customer ID – B

- Updated T-3 Peak Day Volume
- Updated T-3 Peak Hour Volume
- Added T-3 MDQ of
- Eliminated T-4 service.
- Changed Primary Term
- Changed term notification requirement

Docket Customer ID – C

- Service Type changed
- No longer identify volumes at varying Priority of Service levels.
- Lowered aggregate Peak Day and Peak Hour Volumes
- Adjusted monthly maximum
- Changed length of term on successive rollovers

Docket Customer ID – D

- Updated Peak Day Volume
- Updated Peak Hour Volume
- Added MDQ

Docket Customer ID – E

- Updated Peak Day Volume
- Updated Peak Hour Volume
- Added MDQ

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REDACTED

KPSC Case No. 2016-00052

Staff Request 1-3

Page 2

Docket Customer ID – F

- Updated the Peak Day Volume
- Updated the Peak Hour Volume
- Added an MDQ

Docket Customer ID – G

- Updated Peak Day Volume
- Updated Peak Hour Volume
- Added MDQ
- Adjusted monthly maximum

Docket Customer ID – H

- Updated Peak Day Volume
- Updated Peak Hour Volume
- Added MDQ
- Eliminated supplemental responsibilities

Docket Customer ID – I

- Updated Peak Day Volume
- Updated Peak Hour Volume
- Added MDQ
- Changed the Primary Term

Docket Customer ID – J

- Updated Peak Day Volume
- Updated Peak Hour Volume
- Added MDQ