

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF WKG STORAGE, INC. FOR) CASE NO.
RATE ADJUSTMENT FOR SMALL UTILITIES) 2016-00053
PURSUANT TO 807 KAR 5:076)

ATTORNEY GENERAL'S REQUEST FOR INFORMATION RELATED TO JURISDICTION

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Requests for Information Related to Jurisdiction to WKG Storage, Inc. (WKG), to be answered by the date specified in the Commission's Order of Procedure, or if amended, on the amended date ordered by the Commission, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for WKG with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, 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.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and

caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

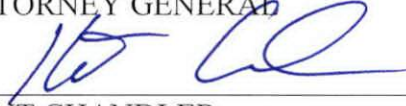
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) The Attorney General reserves the right to pose additional supplemental data requests on or before the due date specified in the Commission's procedural schedule.

Respectfully submitted,
ANDY BESHEAR
ATTORNEY GENERAL



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- 1) Explain in complete detail whether WKG Storage has or has not been regulated by the Commission since 2001. Provide all pertinent documentation, citations to case law, statutes, and regulations that support the answer.
- 2) Does WKG Storage believe that it currently is regulated, or has previously been regulated by any other body other than the Public Service Commission? If so, who and why? Provide citation to applicable law.
- 3) Explain in complete detail why WKG Storage should be treated as a regulated utility, when it is a wholly-owned subsidiary of Atmos Energy Holdings, Inc. which is a non-regulated subsidiary of Atmos Energy Corporation.
- 4) Does WKG perform non-regulated functions? If so, provide complete details of those functions and why they are considered non-regulated, including applicable law.
- 5) Reference WKG's response to AG's No. 1-5 to answer the following:
 - a. In WKG's response the company stated, "WKG Storage negotiated the purchase of the assets of Kentucky Public Service and Storage Company, Inc. in 2001." Confirm that the company referred to as Kentucky Public Service and Storage Company, Inc. is actually Kentucky Pipeline and Storage Company, Inc. If the two companies are not the same, provide detailed information on Kentucky Public Service and Storage Company and their role, if any, in the transaction.
- 6) Reference WKG's response to AG's No. 1-7 to answer the following:
 - a. In WKG's response the company stated, "The purchase price was paid via wire transfer from WKG Storage, Inc. to Kentucky Pipeline and Storage Company,

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Inc.” Confirm that WKG Storage actually wired the money to Kentucky Pipeline and Storage Company, Inc., and that it was not either Atmos Pipeline and Storage or Atmos Energy Holdings wiring the funds instead. Provide copies of the proofs of the wire transfer.

- 7) Reference WKG's response to AG's No. 1-9 to answer the following:
- a. Explain in complete detail what WKG Storage means by “state assessed”, and where it finds that definition in applicable statutes and regulations. Provide citation to applicable law.
 - b. Explain in complete detail why WKG Storage believes that public utilities that are not “state assessed” are exempted from paying taxes pursuant to KRS Chapter 136. Provide citation to all applicable law.
 - c. Explain in complete detail why WKG Storage believes it is not a “state assessed” utility. Provide citation to applicable law.
 - d. Explain in complete detail why WKG Storage believes it is exempted from paying taxes pursuant to KRS Chapter 136. Provide citation to all applicable law.
 - e. Provide copies of all tax returns made during the last five (5) years with the U.S. Internal Revenue Service, the Kentucky Revenue Cabinet, and all applicable Kentucky-local tax jurisdictions.
- 8) Reference AG's No. 1-3, No. 1-14, & No. 1-17 to answer the following:
- a. Explain the decision and rationale for discounting rates below the rates set by the Commission, since WKG Storage only has one customer.

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- b. If WKG Storage had other customers, state the rate(s) it would charge those other customers.
 - c. Explain, with citation to applicable law if necessary, how this discount does not violate KRS 278.160(2) and KRS 278.2201-278.2219.
 - d. Explain why WKG Storage would ask for an increase in rates when it currently chooses to charge less than the Commission approved rate.
 - e. If WKG Storage has believed that its rates and terms of service are subject to the jurisdiction of the Commission, then why hasn't WKG Storage complied with all the requirements set forth by the Commission?
 - f. If WKG Storage thought it was subject to Commission jurisdiction in regards to rates and terms of service then why has WKG Storage not been implementing the effective tariff approved by the Commission on Oct. 15, 2001.
- 9) Provide a detailed narrative of how there was an "arms-length" negotiation between WKG Storage, Inc. and Atmos Energy Corporation when WKG Storage Inc. is a subsidiary of Atmos Energy Corporation. Provide any and all documentation related to this negotiation, including the identity and street addresses (including city and state) of the individuals in Atmos Energy Corp., Atmos Pipeline and Storage LLC, and Atmos Energy Holdings, who would be responsible for approving this "negotiation."
- 10) Reference AG's 1-12 to answer the following:
- a. Answer the request as to what rate of return WKG Storage has earned for each year since its purchase of Kentucky Pipeline and Storage Company Inc. Or in other words, what profit has WKG Storage made since purchasing Kentucky

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Pipeline and Storage Company Inc., expressed as a proportion of its total investment.

11) Reference the release by Kentucky Pipeline and Storage, LLC located at

<http://ky.pipeline->

[awareness.com/user/file/Kentucky/Atmos_Pipeline_and_Storage_LLC.pdf](http://ky.pipeline-awareness.com/user/file/Kentucky/Atmos_Pipeline_and_Storage_LLC.pdf) to answer the

following:

- a. Confirm or deny that WKG Storage is a wholly owned subsidiary of Atmos Pipeline and Storage.
- b. Confirm or deny whether the first sentence in the release stating, "Atmos Pipeline and Storage, LLC, a wholly owned subsidiary of Atmos Energy Holdings, Inc., provides gas storage services to customers through its ownership and operation of non-regulated underground natural gas storage facilities and associated transmission pipeline facilities" is correct. If it is not correct, explain in complete detail why not.
- c. Explain in complete detail how WKG Storage can be considered by its own holding company, Atmos Pipeline and Storage, LLC, as non-regulated but in the present case refer to itself as a regulated entity.
- d. Explain in complete detail any issue or mischaracterization provided in the release referenced above.

12) Has WKG Storage ever applied for any waiver(s) to the Public Service Commission? If

so, identify in complete detail the purpose of the waiver(s), and whether the waiver(s)

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was approved, and provide copies of all pleadings and/or correspondence with the Commission regarding the same.

- 13) Has WKG Storage paid any assessment fee or other fees to the Commission since 2001 pursuant to KRS 278.130 or any other applicable law? Explain the answer in complete detail. If no assessments have been paid, then explain why not. If assessments have been paid, then provide a detailed itemized list of the same. Provide citation to all applicable law.
- 14) Explain, with citation to applicable law if necessary, why WKG Storage has chosen not to file any reports with any regulatory body other than those identified in WKG's response to AG's No. 1-9.
- 15) Has WKG Storage filed with the Commission the rates and schedules it collects from Atmos Energy Corporation, pursuant to KRS 278.160(2)? If not, then explain why not. If the answer is in the affirmative, then provide a detailed list of all documentation filed with the Commission, and copies of same.
- 16) Reference AG's No. 1-10 to answer the following:
 - a. Explain in complete detail, with citation to applicable law, why WKG Storage has not filed any annual report or other such filings required by law to the Commission since its CPCN to purchase Kentucky Pipeline and Storage Inc.
- 17) Reference Commission Staff's Memorandum in this case, dated March 1, 2016 to answer the following:
 - a. Explain in complete detail what a "transmission company" is and provide any and all references to applicable law, including definitions.

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- b. Explain in complete detail why WKG Storage is considered a “transmission company” under Kentucky state law or any law which may designate it as such. Provide any and all references to applicable law.
 - c. Explain in complete detail why “transmission companies” are not required to file annual reports with the Kentucky Public Service Commission. Provide any and all references to all applicable case law, statute, regulation, etc.
- 18) Reference WKG’s response to AG’s No. 1-6 to answer the following:
- a. Provide a detailed and complete narrative as to the process WKG Storage took with Orbit Gas Company and Innovative Gas Services, Inc. after its purchase of Kentucky Pipeline and Storage, and why those two companies are no longer customers.
 - b. Explain in detail why WKG Storage chose to cease doing business with Orbit Gas Company and Innovative Gas Services, Inc., and instead have Atmos as its sole customer.
 - c. In reference to (b), did WKG Storage cease doing business with Orbit Gas Company and Innovative Gas Services, Inc. since it is a subsidiary of Atmos Energy Corporation?
 - d. Provide any and all documentation related WKG Storage’s shedding or loss of Orbit Gas Company and Innovative Gas Services as customers.
 - e. Provide any and all documentation as to the contractual relationship between WKG Storage and Kentucky Pipeline and Storage before the sale.

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- f. Provide any and all documentation as to the contractual relationship between WKG Storage and any other company prior to its purchase of Kentucky Pipeline and Storage.
 - g. Provide copies of any and all tariffs to which Orbit Gas Company and Innovative Gas Services were held in compliance and state whether the Kentucky Public Service Commission ever approved those tariffs.
- 19) Does WKG Storage provide the same services that Kentucky Pipeline and Storage previously did? Explain the services performed by Kentucky Pipeline and Storage and describe any changes to service, either in type of service or the method of execution of service, WKG Storage has made since the purchase.
- 20) Does WKG Storage use a disclaimer when using any of Atmos Energy Corporation's or Atmos Energy Corporation subsidiaries' name, trademark, brand or logo pursuant to 807 KAR 5:080 Section 6? If so, provide documentation of such use. If not, provide the rationale, including citations to applicable law.

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to James W. Gardner, Acting Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

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Owensboro, KENTUCKY 42301

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Houston, TX 77043

Atmos Energy Company
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303

This 12th day of April, 2016



Assistant Attorney General