COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED

JUL 01 2019

IN THE MATTER OF:

PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A SPECIAL CONTRACT PURSUANT TO ITS ECONOMIC DEVELOPMENT RIDER

) CASE NO. 2019-00145

RESPONSE TO ATTORNEY GENERAL'S FIRST DATA REQUEST

Submitted by:

Mark R. Hutchinson Wilson, Hutchinson & Littlepage 611 Frederica Street Owensboro KY 42303 (270) 926-5011 Fax: (270) 926-9394 Randy@whplawfirm.com

on N. Hughes

124 West Todd Street Frankfort, KY 40601 (502) 227-7270 jnhughes@ johnnhughespsc.com

Attorneys for Atmos Energy Corporation

Certificate of Service: I certify that a copy of this response was mailed and emailed to the Office of Attorney General on the 1st day of July, 2019.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF SPECIAL CONTRACT PURSUANT TO ITS ECONOMIC DEVELOPMENT RIDER

Case No. 2019-00145

AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the attached responses to the Office of the Attorney General's first request for information are true and correct to the best of his knowledge and belief.

)

)

STATE OF KY.

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the $\frac{157}{1000}$ day of July, 2019.



Kenneth W. Nash Notary Public State at Large, Kentucky 'D # 597444 My Commission Expires March 16, 2022

Kemet W. Kar

Notary Public My Commission Expires: <u>3-16-2022</u>

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 WITNESS FOR ALL RESPONSES:MARK MARTIN Question No. 1-01 Page 1 of 1

REQUEST:

Reference the application, p. 1, wherein it is stated that Diageo is a "new facility which is currently being served by Atmos Energy."

- a. State when Atmos first began to provide service to Diageo.
- b. Provide the tariff and/or contract(s) under which service was being provided prior to April 22, 2019, referenced in the application Exhibit A as "Large Volume Natural Gas Service Agreement No. WKG-1676."
- c. Provide copies of any other active "Large Volume Natural Gas Service Agreements" that Atmos may have in place with other Kentucky customers.
 - (i) Provide the case number(s) in which the Commission authorized any such special contracts.

RESPONSE:

a) Please see Company response to Staff 1-01.

b) Please see Company response to Staff 1-02.

c) There are only two other LVS agreements with EDRs that are active and approved by the Commission. Please see Attachments 1 and 2. The Company has hundreds of LVS agreements for its various transport customers, but these are all customers on an approved tariff transport rate schedule. The other special contracts in Atmos Energy's service area have been approved by the Commission in Case Nos. 2016-00052 and 2017-00035.

AMENDMENT TO LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

THIS AMENDMENT is made and entered into as of December 10, 2014, by and between ATMOS ENERGY CORPORATION, a Texas and Virginia Corporation ("Atmos Energy"), and KOBE ALUMINUM AUTOMATIVE PRODUCTS, LLC, A Kentucky Limited Liability Corporation ("Customer").

WITNESSETH:

WHEREAS, on May 15, 2014, Atmos Energy and Customer entered into a Large Volume Natural Service Agreement (the "Agreement"), whereby WKG agreed to supply natural gas service to Customer, and

WHEREAS, for the Agreement to become effective per the terms of Section 4, approval by the Kentucky Public Service Commission ("KPSC") is required, and

WHEREAS, the KPSC has approved the Agreement in Docket No. 2014-00187 subject to a change in normalized base load in Section 3 of the Agreement,

NOW, THEREFORE, Atmos Energy and Customer agree as follows:

1. The Economic Development Rider to the Tariff in Section 3 of the Agreement shall be changed as follows:

The Economic Development Rider to the Tariff (the "Rider") may be applicable to Customer's service hereunder, provided that, as specified in the Rider, Customer contracts for sufficient natural gas demand to produce an increase in consumption of 4,500 Mcf per year. Customer's normalized base load is 20, month. Any volumes in excess of 20, per month will qualify for the Rider's 25% discount to the then current tariff rate for the first four (4) years of this Service Agreement, so long as the 4,500 Mcf annual increased consumption threshold referenced above is met.

2. All other provisions of the Agreement are hereby confirmed by the parties to be about the parties t

TARIFF BRANCH

12/9/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY

CUSTOMER:

ATMOS ENERGY:

KOBE ALUMINUM AUTOMOTIVE PRODUCTS, LLC

ATMOS ENERGY CORPORATION

Ву: _____ Printed Name: Title:

El Green By:

Bill Greer Vice President, Marketing

Kentucky/Mid-States Division

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kistley
EFFECTIVE
12/9/2014
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

THIS LARGE VOLUME NATURAL GAS SERVICE AGREEMENT ("Service Agreement") is made and entered into as of May 15, 2014, to be effective as of the Effective Date as defined in Section 4, by and between ATMOS ENERGY CORPORATION, a Texas and Virginia Corporation ("<u>Atmos Energy</u>"), and KOBE ALUMINUM AUTOMOTIVE PRODUCTS, LLC, a Kentucky Limited Liability Corporation ("<u>Customer</u>"). Atmos Energy and Customer may also be referred to herein as a Party and collectively as the "Parties".

WITNESSETH:

WHEREAS, in anticipation of an expansion by Customer that will create approximately one hundred (100) jobs, and require a capital investment of approximately \$66,000,000, and result in an increase in natural gas consumption of at least 4,500 Mcf per year, Atmos has agreed to enter into this Service Agreement; and,

WHEREAS, Atmos Energy does not anticipate any customer-specific fixed costs associated with servicing the Customer and a current marginal cost-of-service study is available in Atmos Energy's Kentucky Public Service Commission Case No. 2013-00148; and

WHEREAS, Atmos Energy desires to provide to Customer, and Customer desires to obtain natural gas service from Atmos Energy, in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the Parties hereto agree as follows:

1. <u>Replacement and Termination of Large Volume Service Agreement</u>. This Service Agreement shall replace that certain Large Volume Natural Gas Service Agreement No. WKG-1538, by and between Atmos Energy and Customer, effective November 1, 2004 (the "<u>2004 Agreement</u>"). The 2004 Agreement shall be considered terminated for all purposes as of the Effective Date of this Service Agreement.

2. <u>Natural Gas Service Type and Volume Levels</u>. Customer agrees to deliver to Atmos Energy for transportation all of, Customer's natural gas service requirements for Customer's facility located at or near Bowling Green, KY ("<u>Customer's Facility</u>"). Atmos Energy agrees to provide service to Customer of the type specified below, subject to: (i) the provisions of Atmos Energy's then current tariff as approved by the Kentucky Public Service Commission ("<u>Tariff</u>"); (ii) the rate schedule referenced under the Tariff (the "<u>Rate Schedule</u>"); and (iii) the related General Rules and Regulations governing natural gas service as set forth in the Tariff and this Service Agreement (including <u>Exhibit A</u> (General Terms and Conditions) and <u>Exhibit B</u> (Receipt Point(s) and Delivery Point(s)), both of which are attached hereto and for all purposes made a part hereof).

Atmos Energy shall have no obligation to provide for deliver es in excess of the maximum daily and hourly volumes hereinafter specified, or to provide sales gas to ELECONFE DIALE EVENT Customer chooses a transportation service only. Atmos Erergy shall not receive volumes for transportation service in excess of the daily volume hereinafter specified (MDO).

12/9/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Service	Туре	Maximum Mcf/Day Delivery	Maximum Mcf/Hr. Delivery	Maximum Mcf/Day Receipt(MDQ)
Transportation	T-4	1300	60	833

3. <u>Price</u>. The price to be paid by Customer shall be in accordance with the Rate Schedule under which and in effect at the time the service is rendered. Without limiting Atmos Energy's obligation to furnish Customer with true and correct copies of the applicable Rate Schedule in accordance with Section 2 above, such rates, including gas cost adjustments, shall be subject to change as required by law. Any federal, state or other legal taxes, other than those based upon or measured by Atmos Energy's income which apply now or may hereafter be imposed, shall be paid by Customer, in addition to the rates as specified in the applicable Rate Schedule.

The Economic Development Rider to the Tariff (the "Rider") may be applicable to Customer's service hereunder, provided that, as specified in the Rider, Customer contracts for sufficient natural gas demand to produce an increase in consumption of 4,500 Mcf per year. Customer's normalized base load is 19,000 Mcf per month. Any volumes in excess of 19,000 Mcf per month will qualify for the Rider's 25% discount to the then current tariff rate for the first four (4) years of this Service Agreement, so long as the 4,500 Mcf annual increased consumption threshold referenced above is met.

The minimum monthly bill for Customer, under current applicable tariff rates, shall consists of the Base Charge, Transportation Administration Fee, EFM Charge and Cellular fee, plus any applicable taxes and franchise fees. The total minimum bill shall be \$500, plus applicable taxes and franchise fees. This amount is subject to change in accordance with the applicable tariffs.

4. <u>Term</u>. This Service Agreement shall become effective on June 1, 2014 (the "Effective Date") or the first day of the month following the month in which this Service Agreement is approved by the Kentucky Public Service Commission ("KPSC"), whichever is later, and shall continue in full force and effect for a period of eight (8) years from and after the Effective Date (the "<u>Primary Term</u>"), and shall continue for successive five (5) year terms following the expiration of the Primary Term (each a "<u>Rollover Term</u>"), provided that either Party may terminate this Service Agreement at the end of the Primary Term, or at the end of any subsequent Rollover Term upon providing ninety (90) days prior written notice to the other Party. The Primary Term, and subsequent Rollover Terms may be referred to collectively as the "<u>Term</u>". Customer agrees that during the Term of this Service Agreement, all natural gas consumed by Customer at Customer's Facility shall the delivered by ENTROPEKENERGY. Notwithstanding anything herein to the contrary, the Term of Ruber Service Agreement.

During the Term of this Service Agreement, if Customer plans to make a file and the part of the section of the

party to make such filing on its behalf, with the Federal Energy Regulatory Commission or any other regulatory body, seeking authority to receive direct gas service following the termination of this Service Agreement, Customer agrees to notify Atmos Energy of such plans not less than thirty (30) days prior to the date of such filing.

During the Term of this Service Agreement, Atmos Energy and Customer may mutually agree to amend this Service Agreement to change the type of service provided hereunder—*i.e.*, sales, transportation, firm or interruptible service—if Customer's needs or qualifications change. Any amendment changing the type of service provided hereunder must be in writing and executed by a duly authorized representative of Atmos Energy and Customer, and will not, unless mutually agreed by the Parties in such amendment, change the Term of this Service Agreement.

5. <u>Parking</u>. Subject to the terms of the Tariff, Customer may "park" positive monthly imbalance volumes, up to 10% of the T-4 volumes delivered by Atmos into Customer's Premises. The cost to Customer of parking such imbalance volumes shall be as set forth in the Tariff. Unless otherwise provided in the Tariff, Atmos shall provide the parking service on a "best efforts" basis, and the parked volumes shall be deemed "first through the meter" delivered to Customer in the month following delivery to Atmos on Customer's account.

6. Electronic Flow Measurement and Communications Equipment. Under the Tariff, it will be the responsibility of Customer to pay all reasonable and necessary costs for additional facilities and/or equipment (collectively, the "Additional Facilities") that will be required as a result of receiving transportation service, including such reasonable and necessary costs for the installation, repair, maintenance and replacement of such Additional Facilities. The Additional Facilities shall include electronic flow measurement ("EFM") equipment and cellular communications support services, which shall be installed, maintained, operated, and owned by Atmos Energy, Customer shall be responsible for all costs related to the installation, maintenance, repair and replacement of the EFM equipment. If Customer paid the initial cost of EFM in full by one-time payment it will not be required to pay the \$75.00 Monthly Facilities Charge until such time as the EFM requires replacement. If Customer is providing and maintaining a land line for communication support it may continue to utilize such land line until such time as Atmos Energy determines that such land line is no longer providing reliable communication service, at which time Customer shall begin paying the \$25.00 Monthly Cellular Charge to cover the cost of cellular communications support service.

7. <u>Notices</u>. Any notice required to be given under this Service Agreement, or any notice that either Party hereto may desire to give the other Party, shall be in writing and shall be considered duly delivered when deposited in the United States mail, postage prepaid, registered or certified, or sent by facsimile and addressed as follows:

If to Atmos Energy:

ATMOS ENERGY CORPORATION (Kentucky/Mid-States Division) 5430 LBJ Freeway, Suite 160 Dallas, Texas 75240-2601 Attention: Contract Administration If to Customer:

Kobe Alumi	IUM AUDE VSERVICE COMMISSION
Products, L One Kobe V	Vay EXECUTIVE DIRECTOR
Attention: G	en, Kentucky 42101 regory Head
3	Brent Kirtley
	EFFECTIVE
	12/9/2014
	PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Telephone: (214) 206-2574 Facsimile: (214) 214-206-2101 Telephone: (270) 784-2468 Facsimile: (270) 846-4648

Duplicate to:

Danny Bertotti Atmos Energy Corporation 200 Noah Drive Franklin, TN 37064

or such other address as Atmos Energy, Customer or their respective successors or permitted assigns shall designate by written notice given in the manner described above. Routine communications, including monthly invoices, may be mailed by ordinary mail, postage prepaid, and addressed to the above-designated name and address.

8. Miscellaneous.

(a) <u>Attachments.</u> <u>Exhibit A</u> (General Terms and Conditions) and <u>Exhibit B</u> (Receipt Point(s) and Delivery Point(s)) attached hereto are expressly incorporated herein and made a part of this Service Agreement for all purposes, and all references herein and therein to "this Service Agreement" include the same and their respective terms and provisions. This Service Agreement, <u>Exhibit A</u> (General Terms and Conditions) and <u>Exhibit B</u> (Receipt Point(s)) and Delivery Point(s)) shall be read and interpreted together as a single agreement with full effect being given to the terms and conditions of each; in no event shall the terms of any one of this Service Agreement, <u>Exhibit A</u> (General Terms and Conditions) or <u>Exhibit B</u> (Receipt Point(s) and Delivery Point(s)) take precedence over the terms of the other(s).

(b) <u>Waiver of Certain Damages</u>. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, INDIRECT, OR SPECIAL DAMAGES: (1) IN THE EVENT OF ITS BREACH OF THIS SERVICE AGREEMENT, (2) AN EVENT OF DEFAULT, OR (3) FOR ANY OTHER CLAIM RELATED TO THIS SERVICE AGREEMENT.

(c) <u>Governing Law</u>. This Service Agreement is governed by and will be construed in accordance with the laws of the Commonwealth of Kentucky without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

(d) <u>No Waiver</u>. No waiver by either Party of any one or more defaults of the other in the performance of any of the provisions of this Service Agreement will operate or be construed as a waiver of any other default or defaults whether of a like kind or different nature.

No Third Party Beneficiaries. The provisions of this Service Agreement (e) will not impart rights enforceable by any person, firm or organization of Party Party of Part a Party, or not a permitted successor or assignee of a Party dound to this Service Agreement. JEFF R. DEROUEN EXECUTIVE DIRECTOR partnership, joint venture or fiduciary relationship of any kind whatsoever is created by this hv this 4 12/9/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Service Agreement.

(g) <u>Severability</u>. If any provision of this Service Agreement is determined to be invalid, void or unenforceable by any governmental authority having jurisdiction, then such determination will not invalidate, void or make unenforceable any other provision of this Service Agreement so long as the economic benefits or legal obligations of this Service Agreement are not affected in any manner materially adverse to either Party. Upon such determination that any provision is invalid, void or unenforceable, the Parties shall negotiate in good faith to modify this Service Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner such that the transactions contemplated hereby are fulfilled to the extent possible,

(h) <u>Binding Effect</u>. This Service Agreement shall be binding upon the Parties hereto and their respective successors and assigns.

(i) <u>Headings</u>. The headings and captions used in this Service Agreement are for convenience and reference purposes only, and will in no way affect the meaning or interpretation of the provisions of this Service Agreement.

(j) <u>Entire Agreement</u>. This Service Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof.

(k) <u>Counterparts</u>. This Service Agreement may be signed in any number of counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK/ SIGNATURE PAGES AND EXHIBITS FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have executed this Service Agreement as of the date first above written to be effective for all purposes as of the Effective Date.

CUSTOMER:

ATMOS ENERGY:

KOBE ALUMINUM AUTOMOTIVE PRODUCTS, LLC

ATMOS ENERGY CORPORATION

By: nig Printed Name: 1020 OFFICER Tille:

en By: **Bill Greer**

Vice President, Markeling Kentucky/Mid-Stales Division

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kirtley
EFFECTIVE
12/9/2014
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT A

TO LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

GENERAL TERMS AND CONDITIONS

Attached to and for all purposes made a part of that certain Large Volume Natural Gas Service Agreement effective June 1, 2014 by and between Atmos Energy Corporation and Kobe Aluminum Automotive Products, LLC.

1. This Service Agreement is subject to approval by, and to all applicable and valid statutes, ordinances, and the rules, regulations and orders of, the Kentucky Public Service Commission.

2. If not presently installed, the necessary regulating and metering equipment constructed to Atmos Energy' specifications shall be installed for delivery of the gas as specified herein, and the Customer shall install or cause to be installed additional regulating equipment to provide suitable operating pressure at the various points of utilization. A suitable location for the regulating and metering equipment shall be provided by the Customer without charge, and Atmos Energy shall have the right to operate, maintain and alter this equipment as is necessary or desirable. Each Party hereto agrees to maintain any equipment owned by it and used in the performance of its obligations herein in good, safe and efficient operating condition and repair.

3. Title to sales gas shall pass from Atmos Energy to Customer, upon the delivery thereof, at the Customer's service address. The title to all gas transported hereunder shall remain with the Customer while such gas is on Atmos Energy's local distribution facilities. The Receipt Point(s) at which the Customer will deliver transportation gas to Atmos Energy and the Delivery Point(s) at which Atmos Energy will redeliver transportation gas to Customer are designated on Exhibit "A" attached hereto.

As between the Parties hereto solely for transportation services, Atmos Energy 4. shall be deemed in exclusive control and possession of the gas after the delivery thereof at the Receipt Point(s) and prior to the redelivery thereof, to or for the account of Customer at the Delivery Point(s). At all other times, as between the Parties hereto solely, Customer shall be deemed in exclusive control and possession of the gas and responsible for any damages, losses or injuries caused by Customer's handling, delivery or receipt thereof. For sales services, Atmos Energy shall be deemed in exclusive control and possession of the gas prior to the delivery thereof, to or for the account of Customer at the Customer's service address. Upon delivery thereof, as between the Parties hereto solely, Customer shall be deemed in exclusive control and possession of the gas and responsible for any damages, losses or injuries caused by Customer's handling, delivery or receipt thereof. Each Party agrees to indemnify, defend and hold harmless the other Party from and against any and all claims, liabilities, damages, losses, costs and expenses incurred by such other Party arising from or relating to any damages, losses or injuries for which the indemnifying Party is responsible pursuant to the provisions of this paragraph, except to the extent such damages, losges or straines continues ION been caused by the negligence or intentional acts or omissions of the indemnified Party JEFF R. DEROUEN EXECUTIVE DIRECTOR

> 12/9/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Agreement, other than to make payment due hereunder, and such Party has given notice and full particulars of such force majeure in writing to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Parties, insofar as they are affected by such force majeure, shall be suspended during the continuance of such inability, but for no longer period, and such cause shall, insofar as possible, be remedied with all reasonable dispatch; provided, however, that the settlement of strikes or lock-outs shall be entirely within the discretion of the Party having such difficulty, and the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lock-outs by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Party having the difficulty.

The term "force majeure" as used herein shall mean any cause not reasonably within the control of the Party claiming suspension and includes, but is not limited to, acts of God; strikes; lock-outs; wars; acts of terrorism; riots; orders or decrees of any lawfully constituted federal, state or local body; fires; storms; floods; wash-outs; explosions; breakage or accident to machinery or lines of pipe; inability to obtain or delay in obtaining rights-of-way, materials, supplies or labor permits; temporary or permanent failure of gas supply or transportation services; capacity constraints; repair, maintenance or replacement of facilities used in the performance of the obligations contained in this Service Agreement; or any other cause of a similar nature whether of the kind herein enumerated or otherwise.

6. During each billing period involving transportation services, Customer agrees to maintain its deliveries of gas to Atmos Energy and its receipt of gas from Atmos Energy in continuous balance or as near thereto as practicable on an Mcf or MMBtu basis, as designated by Atmos Energy. Further, the Customer agrees to be liable to Atmos Energy for all cost, expense and liability incurred by Atmos Energy, which directly relates to the Customer's transportation activities on the interstate pipeline system. When the volume of gas taken by Customer during a billing period exceeds Customer's transportation nomination volumes, Customer shall pay Atmos Energy for such overrun volumes at the applicable cash out rate.

7. In the event of default hereunder by either Party, in addition to all rights and remedies at law or in equity to which the non-defaulting Party may be entitled; the defaulting Party agrees to reimburse the non-defaulting Party for all court costs and other expenses incurred, including reasonable attorney fees Further, each Party agrees to indemnify and hold the other Party harmless with regard to any and all fees, costs and expenses incurred by the non-defaulting Party in relation to all third party claims, disputes and suits which arise under or are related to the defaulting Party's default under this Service Agreement, except to the extent such claims, disputes and suits shall have been caused by the negligence of the non-defaulting Party. In no event shall either Party be liable for indirect, special, consequential or punitive damages.

8. This Service Agreement shall be	e binding	upon the Parties hereto and their
respective successors and assigns.		PUBLIC SERVICE COMMISSION
×		JEFF R. DEROUEN EXECUTIVE DIRECTOR
		TARIFF BRANCH
8		Bunt Kirtley
		EFFECTIVE
		12/9/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

9. This Service Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof.

and the second
KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
Brent Kirtley
EFFECTIVE
12/9/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT B

TO LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

RECEIPT POINT(S) AND DELIVERY POINT(S)

Attached to and for all purposes made a part of that certain Large Volume Natural Gas Service Agreement effective June 1, 2014 by and between Atmos Energy Corporation and Kobe Aluminum Automotive Products, LLC

Receipt Point(s)

A metering station located in Warren County, Kentucky, at Longitude 86 Degrees, 29 minutes, 0 seconds, Latitude 37 degrees, 1 minutes, 30 seconds, approximately 1.5 miles North of Bowling Green, Kentucky. (Meter No. 1900)

Delivery Point(s)

One Kobe Way Bowling Green, Kentucky 42101

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kirkley
EFFECTIVE
12/9/2014
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

THIS LARGE VOLUME NATURAL GAS SERVICE AGREEMENT ("<u>Service Agreement</u>") is made and entered into as of February <u>6</u>, 2015, to be effective as of the Effective Date as defined in Section 4, by and between ATMOS ENERGY CORPORATION, a Texas and Virginia Corporation ("<u>Atmos Energy</u>"), and METALSA STRUCTURAL PRODUCTS, INC., a Delaware Corporation ("<u>Customer</u>"). Atmos Energy and Customer may also be referred to herein as a Party and collectively as the "Parties".

WITNESSETH:

WHEREAS, in anticipation of an expansion by Customer that will create approximately one hundred (176) jobs, and require a capital investment of approximately \$35,000,000, and result in an increase in natural gas consumption of at least 4,500 Mcf per year, Atmos has agreed to enter into this Service Agreement; and,

WHEREAS, Atmos Energy does not anticipate any customer-specific fixed costs associated with servicing the Customer and a current marginal cost-of-service study is available in Atmos Energy's Kentucky Public Service Commission Case No. 2013-00148; and

WHEREAS, Atmos Energy desires to provide to Customer, and Customer desires to obtain natural gas service from Atmos Energy, in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the Parties hereto agree as follows:

1. <u>Replacement and Termination of Large Volume Service Agreement</u>. This Service Agreement shall replace that certain Large Volume Natural Gas Service Agreement No. KY-1462, by and between Atmos Energy and Customer, effective July 1, 2012 (the "2012 <u>Agreement</u>"). The 2012 Agreement shall be considered terminated for all purposes as of the Effective Date of this Service Agreement.

2. <u>Natural Gas Service Type and Volume Levels</u>. Customer agrees to deliver to Atmos Energy for transportation all of, Customer's natural gas service requirements for Customer's facility located at or near Hopkinsville, KY ("<u>Customer's Facility</u>"). Atmos Energy agrees to provide service to Customer of the type specified below, subject to: (i) the provisions of Atmos Energy's then current tariff as approved by the Kentucky Public Service Commission ("<u>Tariff</u>"); (ii) the rate schedule referenced under the Tariff (the "<u>Rate Schedule</u>"); and (iii) the related General Rules and Regulations governing natural gas service as set forth in the Tariff and this Service Agreement (including <u>Exhibit A</u> (General Terms and Conditions) and <u>Exhibit B</u> (Receipt Point(s) and Delivery Point(s)), both of which are attached hereto and for all purposes made a part hereof).

Atmos Energy shall have no obligation to provide for deliveries in excess of the remaining really and hourly volumes hereinafter specified, or to provide sales gas to Bustoner vice the examples of the content of the

TARIFF BRANCH

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6/16/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT A

Service	Туре	Maximum Mcf/Day Delivery	Maximum Mcf/Hr. Delivery	Maximum Mcf/Day Receipt(MDQ)
Transportation	T-4	1200	75	1000

3. <u>Price</u>. The price to be paid by Customer shall be in accordance with the Rate Schedule under which and in effect at the time the service is rendered. Without limiting Atmos Energy's obligation to furnish Customer with true and correct copies of the applicable Rate Schedule in accordance with Section 2 above, such rates, including gas cost adjustments, shall be subject to change as required by law. Any federal, state or other legal taxes, other than those based upon or measured by Atmos Energy's income which apply now or may hereafter be imposed, shall be paid by Customer, in addition to the rates as specified in the applicable Rate Schedule.

The Economic Development Rider to the Tariff (the "Rider") may be applicable to Customer's service hereunder, provided that, as specified in the Rider, Customer contracts for sufficient natural gas demand to produce an increase in consumption of 4,500 Mcf per year. Customer's normalized base load is 12,272 Mcf per month. Any volumes in excess of 12,272 Mcf per month will qualify for the Rider's 25% discount to the then current tariff rate for the first four (4) years of this Service Agreement, so long as the 4,500 Mcf annual increased consumption threshold referenced above is met.

The minimum monthly bill for Customer, under current applicable tariff rates, shall consists of the Base Charge, Transportation Administration Fee, EFM Charge and Cellular fee, plus any applicable taxes and franchise fees. The total minimum bill shall be \$500, plus applicable taxes and franchise fees. This amount is subject to change in accordance with the applicable tariffs.

4 Term. This Service Agreement shall become effective on April 1, 2015 (the "Effective Date") or the first day of the month following the month in which this Service Agreement Is approved by the Kentucky Public Service Commission ("KPSC"), whichever is later, and shall continue in full force and effect for a period of eight (8) years from and after the Effective Date (the "Primary Term"), and shall continue for successive five (5) year terms following the expiration of the Primary Term (each a "Rollover Term"), provided that either Party may terminate this Service Agreement at the end of the Primary Term, or at the end of any subsequent Rollover Term upon providing ninety (90) days prior written notice to the other Party. The Primary Term and subsequent Rollover Terms may be referred to collectively as the "Term". Customer agrees that during the Term of this Service Agreement, all natural gas consumed by Customer at Customer's Facility shall be delivered by Atmos Energy. Notwithstanding anything herein to the contrary, the Term of this Service Agreement is expressly made subject to the provisions of Section 7 (Even of Default) of Exiting the section the provisions of Section 7 (Even of Default) of Exiting the section of the PUBLIC SERVICE COMMISSION Service Agreement.

JEFF R. DEROUEN During the Term of this Service Agreement, if Customer plans to make a filting out thread terms

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TARIFF BRANCH

6/16/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EFFECTIVE

party to make such filing on its behalf, with the Federal Energy Regulatory Commission or any other regulatory body, seeking authority to receive direct gas service following the termination of this Service Agreement, Customer agrees to notify Atmos Energy of such plans not less than thirty (30) days prior to the date of such filing.

During the Term of this Service Agreement, Atmos Energy and Customer may mutually agree to amend this Service Agreement to change the type of service provided hereunder—*i.e.*, sales, transportation, firm or interruptible service—if Customer's needs or qualifications change. Any amendment changing the type of service provided hereunder must be in writing and executed by a duly authorized representative of Atmos Energy and Customer, and will not, unless mutually agreed by the Parties in such amendment, change the Term of this Service Agreement.

5. <u>Parking</u>. Subject to the terms of the Tariff, Customer may "park" positive monthly imbalance volumes, up to 10% of the T-3 and T-4 volumes delivered by Atmos into Customer's Facility. The cost to Customer of parking such imbalance volumes shall be as set forth in the Tariff. Unless otherwise provided in the Tariff, Atmos shall provide the parking service on a "best efforts" basis, and the parked volumes shall be deemed "first through the meter" delivered to Customer in the month following delivery to Atmos on Customer's account.

Electronic Flow Measurement and Communications Equipment. Under the 6. Tariff, It will be the responsibility of Customer to pay all reasonable and necessary costs for additional facilities and/or equipment (collectively, the "Additional Facilities") that will be required as a result of receiving transportation service, including such reasonable and necessary costs for the installation, repair, maintenance and replacement of such Additional Facilities. The Additional Facilities shall include electronic flow measurement ("EFM") equipment and cellular communications support services, which shall be installed, maintained, operated, and owned by Atmos Energy. Customer shall be responsible for all costs related to the installation. maintenance, repair and replacement of the EFM equipment. If Customer paid the initial cost of EFM in full by one-time payment it will not be required to pay the \$75.00 Monthly Facilities Charge until such time as the EFM requires replacement. If Customer is providing and maintaining a land line for communication support it may continue to utilize such land line until such time as Atmos Energy determines that such land line is no longer providing reliable communication service, at which time Customer shall begin paying the \$25.00 Monthly Cellular Charge to cover the cost of cellular communications support service.

7. <u>Notices</u>. Any notice required to be given under this Service Agreement, or any notice that either Party hereto may desire to give the other Party, shall be in writing and shall be considered duly delivered when deposited in the United States mall, postage prepaid, registered or certified, or sent by facsimile and addressed as follows:

If to Atmos Energy:

ATMOS ENERGY CORPORATION (Kentucky/Mid-States Division) 5430 LBJ Freeway, Suite 160 Dallas, Texas 75240-2601 Attention: Contract Administration

If to Customer:

tural Products. Inc.
Boulevard KENTUCKY KentudRy B223 (SERVICE COMMISSION
ve KuhlenbeckEFF R. DEROUEN 270) 887-17 EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kintley
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6/16/2015
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Telephone: (214) 206-2574 Facsimile: (214) 214-206-2101

Duplicate to:

Duplicate to:

Danny Bertotti Atmos Energy Corporation 200 Noah Drive Franklin, TN 37064 Metalsa Roanoke, Inc. 184 Vista Drive, Roanoke, VA 24019, U.S.A. Telephone: (540) 966-5300 Attention: Steve Kuhlenbeck

or such other address as Atmos Energy, Customer or their respective successors or permitted assigns shall designate by written notice given in the manner described above. Routine communications, including monthly invoices, may be mailed by ordinary mail, postage prepaid, and addressed to the above-designated name and address.

8. <u>Miscellaneous</u>.

(a) <u>Attachments</u>. <u>Exhibit A</u> (General Terms and Conditions) and <u>Exhibit B</u> (Receipt Point(s) and Delivery Point(s)) attached hereto are expressly incorporated herein and made a part of this Service Agreement for all purposes, and all references herein and therein to "this Service Agreement" include the same and their respective terms and provisions. This Service Agreement, <u>Exhibit A</u> (General Terms and Conditions) and <u>Exhibit B</u> (Receipt Point(s)) and Delivery Point(s)) shall be read and interpreted together as a single agreement with full effect being given to the terms and conditions of each; in no event shall the terms of any one of this Service Agreement, <u>Exhibit A</u> (General Terms and Conditions) or <u>Exhibit B</u> (Receipt Point(s)) take precedence over the terms of the other(s).

(b) <u>Waiver of Certain Damages</u>. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, INDIRECT, OR SPECIAL DAMAGES: (1) IN THE EVENT OF ITS BREACH OF THIS SERVICE AGREEMENT, (2) AN EVENT OF DEFAULT, OR (3) FOR ANY OTHER CLAIM RELATED TO THIS SERVICE AGREEMENT.

(c) <u>Governing Law</u>. This Service Agreement is governed by and will be construed in accordance with the laws of the Commonwealth of Kentucky without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

(d) <u>No Waiver</u>. No waiver by either Party of any one or more defaults of the other in the performance of any of the provisions of this Service Agreement will operate or be construed as a waiver of any other default or defaults whether of a like kind or different nature.

(e) <u>No Third Party Beneficiaries</u>. The provisions of this Service Agreement will not impart rights enforceable by any person, firm or organization not a Party **Representation** as a Party, or not a permitted successor or assignee of a Party bound to Rols Service Agreement

(f)	No	Partnership.	Each	Party	ackno	vledges	JEFF R. DEROUEN anskesspreke Dinkector	
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partnership, joint venture or fiduciary relationship of any kind whatsoever is created by this Service Agreement.

(g) <u>Severability</u>. If any provision of this Service Agreement is determined to be invalid, void or unenforceable by any governmental authority having jurisdiction, then such determination will not invalidate, void or make unenforceable any other provision of this Service Agreement so long as the economic benefits or legal obligations of this Service Agreement are not affected in any manner materially adverse to either Party. Upon such determination that any provision is invalid, void or unenforceable, the Parties shall negotiate in good faith to modify this Service Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner such that the transactions contemplated hereby are fulfilled to the extent possible,

(h) <u>Binding Effect</u>. This Service Agreement shall be binding upon the Parties hereto and their respective successors and assigns.

(i) <u>Headings</u>. The headings and captions used in this Service Agreement are for convenience and reference purposes only, and will in no way affect the meaning or interpretation of the provisions of this Service Agreement.

(j) <u>Entire Agreement</u>. This Service Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof.

(k) <u>Counterparts</u>. This Service Agreement may be signed in any number of counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK/ SIGNATURE PAGES AND EXHIBITS FOLLOW]

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kirtley
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6/16/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

IN WITNESS WHEREOF, the Parties hereto have executed this Service Agreement as of the date first above written to be effective for all purposes as of the Effective Date.

CUSTOMER:

METALSA STRUCTURAL PRODUCTS, INC.

ATMOS ENERGY:

ATMOS ENERGY CORPORATION

By: Printed Name: ß Title

By:

Bill Greer Vice President, Marketing Kentucky/Mid-States Division

KENTUCKY PUBLIC SERVICE COMMISSION	
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TARIFF BRANCH	
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EXHIBIT A

TO LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

GENERAL TERMS AND CONDITIONS

Attached to and for all purposes made a part of that certain Large Volume Natural Gas Service Agreement effective April 1, 2015 by and between Atmos Energy Corporation and Metalsa Structural Products, Inc.

1. This Service Agreement is subject to approval by, and to all applicable and valid statutes, ordinances, and the rules, regulations and orders of, the Kentucky Public Service Commission.

2. If not presently installed, the necessary regulating and metering equipment constructed to Atmos Energy' specifications shall be installed for delivery of the gas as specified herein, and the Customer shall install or cause to be installed additional regulating equipment to provide suitable operating pressure at the various points of utilization. A suitable location for the regulating and metering equipment shall be provided by the Customer without charge, and Atmos Energy shall have the right to operate, maintain and alter this equipment as is necessary or desirable. Each Party hereto agrees to maintain any equipment owned by it and used in the performance of its obligations herein in good, safe and efficient operating condition and repair.

3. Title to sales gas shall pass from Atmos Energy to Customer, upon the delivery thereof, at the Customer's service address. The title to all gas transported hereunder shall remain with the Customer while such gas is on Atmos Energy's local distribution facilities. The Receipt Point(s) at which the Customer will deliver transportation gas to Atmos Energy and the Delivery Point(s) at which Atmos Energy will redeliver transportation gas to Customer are designated on Exhibit "B" attached hereto.

As between the Parties hereto solely for transportation services, Atmos Energy 4. shall be deemed in exclusive control and possession of the gas after the delivery thereof at the Receipt Point(s) and prior to the redelivery thereof, to or for the account of Customer at the Delivery Point(s). At all other times, as between the Parties hereto solely, Customer shall be deemed in exclusive control and possession of the gas and responsible for any damages, losses or injuries caused by Customer's handling, delivery or receipt thereof. For sales services. Atmos Energy shall be deemed in exclusive control and possession of the gas prior to the delivery thereof, to or for the account of Customer at the Customer's service address. Upon delivery thereof, as between the Partles hereto solely, Customer shall be deemed in exclusive control and possession of the gas and responsible for any damages, losses or injuries caused by Customer's handling, delivery or receipt thereof. Each Party agrees to Indemnify, defend and hold harmless the other Party from and against any and all claims, llablities, damages, losses, costs and expenses incurred by such other Party arising from or relating to any damages, losses or injuries for which the indemnifying Party is responsible pursuant to the provisions of this paragraph, except to the extent such damages, losses or expenses shall have been caused by the negligence or intentional acts or omissions of the indemnified Bartycky

5. In the event that either Atmos Energy or Customer is rendered under this Service in part, by reason of an event of force majeure, to perform its obligations under this Service TARIFF BRANCH

6/16/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

PUBLIC SERVICE COMMISSION

Agreement, other than to make payment due hereunder, and such Party has given notice and full particulars of such force majeure in writing to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Parties, insofar as they are affected by such force majeure, shall be suspended during the continuance of such inability, but for no longer period, and such cause shall, insofar as possible, be remedied with all reasonable dispatch; provided, however, that the settlement of strikes or lock-outs shall be entirely within the discretion of the Party having such difficulty, and the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lock-outs by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Party having the difficulty.

The term "force majeure" as used herein shall mean any cause not reasonably within the control of the Party claiming suspension and includes, but is not limited to, acts of God; strikes; lock-outs; wars; acts of terrorism; riots; orders or decrees of any lawfully constituted federal, state or local body; fires; storms; floods; wash-outs; explosions; breakage or accident to machinery or lines of pipe; inability to obtain or delay in obtaining rights-of-way, materials, supplies or labor permits; temporary or permanent failure of gas supply or transportation services; capacity constraints; repair, maintenance or replacement of facilities used in the performance of the obligations contained in this Service Agreement; or any other cause of a similar nature whether of the kind herein enumerated or otherwise.

6. During each billing period involving transportation services, Customer agrees to maintain its deliveries of gas to Atmos Energy and its receipt of gas from Atmos Energy in continuous balance or as near thereto as practicable on an Mcf or MMBtu basis, as designated by Atmos Energy. Further, the Customer agrees to be liable to Atmos Energy for all cost, expense and liability incurred by Atmos Energy, which directly relates to the Customer's transportation activities on the interstate pipeline system. When the volume of gas taken by Customer during a billing period exceeds Customer's transportation nomination volumes, Customer shall pay Atmos Energy for such overrun volumes at the applicable cash out rate.

7. In the event of default hereunder by either Party, in addition to all rights and remedies at law or in equity to which the non-defaulting Party-may be entitled, the defaulting Party agrees to reimburse the non-defaulting Party for all court costs and other expenses incurred, including reasonable attorney fees Further, each Party agrees to indemnify and hold the other Party harmless with regard to any and all fees, costs and expenses incurred by the non-defaulting Party in relation to all third party claims, disputes and suits which arise under or are related to the defaulting Party's default under this Service Agreement, except to the extent such claims, disputes and suits shall have been caused by the negligence of the non-defaulting Party. In no event shall either Party be liable for indirect, special, consequential or punitive damages.

8. This Service Agreement shall be binding upon the Parties hereto and their respective successors and assigns.

-	KENTUCKY PUBLIC SERVICE COMMISSION
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	TARIFF BRANCH
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1	6/16/2015
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9. This Service Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof.

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TARIFF BRANCH
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6/16/2015
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EXHIBIT B

TO LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

RECEIPT POINT(S) AND DELIVERY POINT(S)

Attached to and for all purposes made a part of that certain Large Volume Natural Gas Service Agreement effective April 1, 2015 by and between Atmos Energy Corporation and Metalsa Structural Products, Inc.

Receipt Point(s)

A metering station located in Hopkins County, Kentucky, at Longitude 87 Degrees, 28 minutes, 30 seconds, Latitude 37 degrees, 11 minutes, 30 seconds, approximately 1.5 miles West of Nortonville, Kentucky, (Meter No. 1948).

Delivery Point(s)

301 Bill Bryan Boulevard Hopkinsville, Kentucky 42240 (Southwest Meter Location)

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Bunt Kirtley	
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Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-02 Page 1 of 1

REQUEST:

Does Atmos have any indication that Diageo is or may become capable of bypassing the Atmos system to procure its own gas supply? Discuss in complete detail.

a. Provide the approximate distance of the two non-Atmos owned transportation and / or distribution pipelines capable of providing service for Diageo's needs, which are closest to that company's facilities.

RESPONSE:

a. No; the Company filed this special contract under the EDR, and not in response to bypass competition. The intent of the EDR is to allow the Company to offer incentive or discount type rates designed to enhance the Company's system utilization while encouraging industrial development and job growth within the Company's service area in the Commonwealth.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-03 Page 1 of 1

REQUEST:

State whether Atmos currently possesses sufficient capacity to meet all of Diageo's needs for the entire term of the contract period, and whether meeting that company's contractual needs will or could cause a system reliability issue.

RESPONSE:

Please see Company response to Staff 1-08.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-04 Page 1 of 1

REQUEST:

In order to provide service to Diageo under the terms of the proposed special contract, will Atmos be required to make any extensions and/ or expansions of its current facilities, including but not limited to mains, transmission and/ or distribution pipelines? If so:

- a. Provide a complete description with cost estimates for any such expansion.
- b. Explain whether Atmos will file a petition for a CPCN for any such expansion of facilities, and if not, why not.
- c. Explain whether Atmos offered Diageo any discount or waiver (whether in whole or in part) of gas main extension costs.
- d. Explain how Atmos intends to pay for any such expansion, and whether ratepayers will ultimately be required to pay the costs for any such expansion.
- e. Pursuant to finding paragraph no. 15 in Admin. Case No. 327, provide the costbenefit analysis comparing the expected revenue stream from the number of new jobs and the amount of new capital investment to be created, to the total costs Atmos will incur by offering the discount and/ or waiver.

RESPONSE:

Atmos Energy did not pay for the expansion. Diageo paid for the expansion associated with the project. Please see Company's response to Staff 1-07. The Customer margin is covering Atmos Energy's incremental costs of service and contributes toward the Company's existing fixed costs to the betterment of existing customers.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-05 Page 1 of 1

REQUEST:

5. Identify the marginal cost of service studies upon which Atmos relied in setting the special contract which is the subject of the above-styled case. State where the cost of service studies can be found, including the precise schedules and page numbers.

RESPONSE:

Please see the Company's response to Staff 1-07.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-06 Page 1 of 1

REQUEST:

6. Can Atmos demonstrate that the discounted rate exceeds the marginal cost associated with serving Diageo?

RESPONSE:

Please see Company's response to Staff 1-07.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-07 Page 1 of 1

REQUEST:

7. Demonstrate how customers who do not participate in the special contract will not be adversely affected by the issuance of the subject special contract.

RESPONSE:

Please see Company's response to Staff 1-07. Since Diageo is clearly covering Atmos Energy's incremental cost of service there is no adverse effect for other customers.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-08 Page 1 of 1

REQUEST:

8. Confirm that under the proposed contract: (i) Diageo's discount period will be for four

(4) years; (ii) that the discount is 25% for each .of those four years; (iii) that the overall term that it will remain on Atmos' system is eight (8) years.

RESPONSE:

Confirm. Please see Sections 3 and 4 of the filed agreement for Price and Term clauses.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-09 Page 1 of 1

REQUEST:

9. In determining the amount of the EDR discount, explain whether Atmos considered offering -a lesser discount.

RESPONSE:

The EDR discount is set forth in the Company's approved EDR tariff.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-10 Page 1 of 1

REQUEST:

10. Explain how Atmos intends to recover the customer-specific fixed costs associated with serving Diageo over the life of the contract.

RESPONSE:

Please see Company's response to Staff 1-07. The revenues associated with Diageo exceed the incremental cost of service, even during the years of the EDR discount. These revenues will increase starting in Year 5, assuming all else remains equal.

Case No. 2019-00145 Atmos Energy Corporation, Kentucky Division AG DR Set No. 1 Question No. 1-11 Page 1 of 1

REQUEST:

11. Have any other existing or potential customers requested service under an EDR tariff?

RESPONSE:

The Commission has approved two previous EDR agreements. Please also see Company's response to AG 1-01.

Case No. 2019-00145 Atmos Energy Corporation, Kansas Division AG DR Set No. 1 Question No. 1-12 Page 1 of 1

REQUEST:

12. When was Atmos initially contacted by Diageo regarding the proposed special contract?

RESPONSE:

EDR possibilities were discussed between the Company and Diageo search consultants in 2013 as a means of encouraging industrial development and job growth within the Company's service area.