

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR AN ORDER APPROVING)	CASE NO.
ECONOMIC DEVELOPMENT RIDERS)	2012-00066

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

Atmos Energy Corporation ("Atmos"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this Request for Information. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

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

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

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

1. The Commission's Order in Administrative Case No. 327 ("Admin. 327"),¹ incorporated herein by reference, set out guidelines regarding economic development rates ("EDR").

a. Explain whether Atmos can provide an affirmative declaration that it has excess capacity to meet anticipated load growth, in compliance with Admin. 327's finding No. 5.

b. Explain whether Atmos is confident that its proposed 25 percent rate discount will produce revenues sufficient to enable it to demonstrate through marginal cost-of-service studies that those revenues exceed the marginal cost of serving potential EDR customers, in compliance with Admin. 327's finding No. 6.

c. Explain whether Atmos is aware that Admin. 327's finding No. 8 states that utilities with active EDR contracts should demonstrate through detailed cost-of-service analysis that nonparticipating ratepayers are not adversely affected by EDR customers. Include in the explanation why Atmos's proposed Margin Loss Rider ("MLR") and System Development Rider ("SDR") do not violate the terms of this finding,

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

as it pertains to both holding cost-recovery issues for rate proceedings as well as ensuring that nonparticipating ratepayers are not adversely affected by EDR customers.

d. Explain why the proposed new rates and charges in the MLR and SDR should not require public notice to Atmos's customers.

e. Confirm that customer-specific fixed costs will be recovered from individual EDR customers over the term of the EDR contracts, in compliance with Admin. 327's finding No. 9.

f. Provide justification for the choice of the 9,000 Mcf threshold for eligibility under the EDR contract, and the choice of 4,500 Mcf as the required increase in consumption for existing customers.

g. Identify and describe the conditions that must be met for financial hardship eligibility.

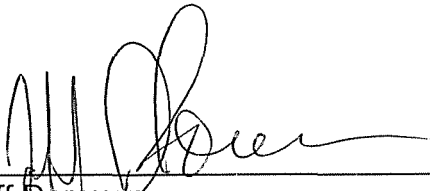
h. Confirm that Atmos will provide a detailed cost-benefit analysis to compare expected incremental revenue, number of new jobs, and amount of new capital investment created to the total cost of any gas main extension discount or waiver, in compliance with Admin. 327's finding No. 15.

i. Explain how Atmos proposes to implement the provisions of Admin. 327's finding No. 16, which requires that EDR contracts that include a discount or waiver of gas main extension costs should include a provision which requires the EDR customer to remain on gas service for a specified term.

2. Provide support for the proposed 25 percent EDR discount. Explain whether Atmos considered offering a lesser discount, with the possibility of higher

negotiated discounts if needed to attract new or expanded load, and to avoid possible “free riders.”

3. Refer to Fourth Revised Sheet No. 47 of the proposed EDR tariff.
 - a. Explain whether number 6 under Special Terms and Conditions should say “an EDR should apply *only* to load”
 - b. Explain whether number 6 under Special Terms and Conditions should refer to the 9,000 Mcf minimum base level set out on Revised Sheet No. 45 in the Applicability section.
 - c. Explain whether the second sentence of number 7 under Special Terms and Conditions should include the word “specific” before job creation and capital investment requirements.
4. Explain whether Atmos has been approached by potential new or existing customers expressing interest in an EDR tariff.
5. Explain why Atmos has proposed the MLR and SDR tariffs for EDR cost recovery as opposed to addressing cost recovery, revenue loss, or investment/return issues in the context of a general rate proceeding.



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

DATED MAR 20 2012

cc: Parties of Record

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

Mark A Martin
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303