

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS)	CASE NO.
ENERGY CORPORATION FOR PERFORMANCE)	2024-00205
BASED RATEMAKING MECHANISM)	

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

Atmos Energy Corporation (Atmos), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on October 25, 2024. The Commission directs Atmos to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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 the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 Atmos obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 shall be given to copied and scanned 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Atmos shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Atmos' Performance-Based Ratemaking (PBR) Application, Exhibit B, table titled, "PBR Summary Schedule (June 2020 - May 2024)".² Provide a version of the Annual Reports in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, where applicable.

² The referenced table was filed under the Petition for Confidentiality of Certain Information. As of the date of entry of this Request, the Commission has not yet ruled on the motion.

2. Refer to Atmos' PBR Application, Exhibit B, the Evaluation Report,³ pages 12-14 of 25, section titled, "Atmos Energy's Innovative Approach to Transportation Purchases". State how much , on an annual basis, has declined from traditional capacity release activities since 2010 as compared to the period from the inception of the PBR program until 2010. Provide a detailed explanation as to what factors caused the decline.

3. Refer to Atmos' PBR Application, Exhibit B, the Evaluation Report, pages 12 and 13 of 25, sub-section titled, "Pipeline Discounts".

a. Provide a detailed explanation of how Atmos calculated the ". . . 13,100,000 in savings during the last four years of the program and approximately \$45,700,000 since the program's inception."

b. State how much Atmos saved each year since the inception of the program. As part of the answer give a detailed explanation about the benchmark Atmos used to calculate these sums.

4. Since Atmos's PBR mechanism was established, provide the percentage of total gas cost for which Atmos's purchase price was above the benchmark for that purchase.

5. Explain whether Atmos has any legal obligation or financial incentive to optimize its gas supply portfolio absent a PBR mechanism with regards to both cost efficiency and/or reducing volatility or risk If so, describe the obligations or incentives. If not, explain why not.

³ Atmos in its Application refers to Exhibit B as the "Evaluation Report." However, the document provided in the Exhibit is titled "Report on Performance-Based Ratemaking Report Period: June 2020 – May 2024 KPSC Case No. 2024-00205". For the purpose of clarity, the report will be noted as "Evaluation Report" in Commission Staff's Requests for Information.

6. Explain whether the “least cost acquisition” standard in purchasing natural gas supplies and pipeline transportation services exists absent Atmos’s PBR mechanism.

7. State whether Atmos would decrease its efforts to maintain service reliability for the benefit of its customers if Atmos’s PBR mechanism was discontinued.

8. Explain whether Atmos seeks to purchase the lowest cost natural gas to provide to its customers regardless of the existence of a PBR mechanism.

9. Provide the administrative costs and any additional cost associated with the PBR mechanism incurred by Atmos on a yearly basis since 2020.

10. State whether any Atmos affiliated local distribution company now operates, or has ever operated, under a gas procurement PBR mechanism. If so, provide details of the mechanism.

11. Provide a detailed list of other utilities in other jurisdictions that have approved natural gas procurement PBR mechanisms. Further, explain how Atmos’s PBR mechanism approved in Case No. 2020-00289⁴ compares to active mechanisms in the other jurisdictions. For any discontinued mechanisms, provide all available details regarding their discontinuance.

12. Provide a cost-benefit analysis of the costs associated with Atmos’s negotiation of the discounted rate and the savings created from the PBR mechanism for ratepayers.

⁴ Case No. 2020-00289, *Electronic Request of Atmos Energy Corporation for Modification and Extension of its Gas Cost Adjustment Performance Based Ratemaking Mechanism* (Ky. PSC June 20, 2022).

13. Provide the costs incurred to achieve savings under Atmos's PBR, and explain how those costs are recovered (i.e., through the Gas Cost Adjustment (GCA), netted against savings in the PBR, etc.).

14. Refer to Case No. 2023-00414,⁵ GCA Quarterly Filing for the Period February 1, 2024–April 30, 2024, Exhibit E, Performance Based Rate Recovery Factor (PBRRF) Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

15. Refer to Case No. 2022-00418,⁶ GCA Quarterly Filing for the Period February 1, 2023–April 30, 2023, Exhibit E, PBRRF Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

16. Refer to Case No. 2021-00453,⁷ GCA Quarterly Filing for the Period February 1, 2022 - April 30, 2022, Exhibit E, PBRRF Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

⁵ Case No. 2023-00414, *Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation* (filed Dec. 28, 2023).

⁶ Case No. 2022-00418, *Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation* (filed Dec. 29, 2022).

⁷ Case No. 2021-00453, *Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation* (filed Dec. 30, 2021).

17. Refer to Case No. 2020-00403,⁸ GCA Quarterly Filing for the Period February 1, 2021–April 30, 2021, Exhibit E, PBRRF Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
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DATED OCT 11 2024

cc: Parties of Record

⁸ Case No. 2020-00403, *Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation* (filed Dec. 18, 2020).

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