

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC REQUEST OF ATMOS ENERGY)
CORPORATION FOR MODIFICATION AND) Case No. 2020-00289
EXTENSION OF ITS GAS COST ADJUSTMENT)
PERFORMANCE BASED RATEMAKING)
MECHANISM)

**ATTORNEY GENERAL’S SECOND REQUEST FOR INFORMATION
TO ATMOS ENERGY CORPORATION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits his Second Request for Information to Atmos Energy Corporation (hereinafter “Atmos” or the “Company”) to be answered by December 18, 2020, 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 requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (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 undersigned 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, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(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 regardless of the media or format in which they are stored, 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) 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) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL



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Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 16, 2020 and March 24, 2020, in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served by e-mail to the following. Further, the Attorney General will submit the paper originals of the foregoing to the Commission within 30 days after the Governor lifts the current state of emergency.

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John N. Hughes
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This 3rd day of December, 2020.



Assistant Attorney General

Electronic Request of Atmos Energy Corporation for Modification and Extension of its Gas Cost Adjustment Performance Based Ratemaking Mechanism, Case No. 2020-00289

1. Explain in full detail how all other gas companies in Kentucky, besides Atmos, Columbia Gas of Kentucky, Inc., and Louisville Gas and Electric Company (“LG&E”), provide natural gas to its customers without utilizing a Performance Based Ratemaking (“PBR”) mechanism.
2. Refer to Atmos’ response to the Attorney General’s First Request for Information, Item 2(a), in which Atmos states that when actual gas costs are greater than the established benchmark, Atmos and the customers share in the excess costs. Refer also to Atmos’ response to Commission Staff’s First Request for Information, Item 3, in which Atmos states that in the past the Company has had no choice but to pay more than the benchmarked price established under the PBR for some gas supplies, and the customers had to pay half of the difference between the PBR benchmark and the purchase price. Reconcile these statements with Atmos’ response to the Attorney General’s First Request for Information, Item 7(e), which states, “[i]n the history of the Atmos Energy Kentucky PBR program, Kentucky customers have not been assessed gas costs greater than the benchmark.” Explain the answer in full detail.
3. Refer to Atmos’ response to the Attorney General’s First Request for Information, Item 17(a). Explain in detail whether the responsibilities that are contracted out to asset managers could be handled by Atmos. If not, explain why not.
4. Refer to Atmos’ response to the Attorney General’s First Request for Information, Item 17(e). Explain what “AMA” stands for in the response.
5. Refer to Atmos’ Report on Performance-Based Ratemaking, Report Period: June 2016 – May 2020, page 6, in which Atmos states that it stopped performing capacity releases in

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2011. Also, refer to Atmos' response to the Attorney General's First Request for Information, Item 23(a), in which Atmos states that it had three small capacity release transactions in December 2017, January 2018, and February 2018.

- a. Reconcile the above-referenced contradicting statements in full detail.
 - b. Atmos asserts that the transaction and savings were "reported in the KY PBR report on the Transport Discount line rather than the Capacity Release line item." Explain why Atmos did not properly report the capacity release savings on the capacity release line item.
6. Refer to Atmos' response to the Commission Staff's First Request for Information, Item 1(c), the PBR Savings Breakout June 2006 – May 2016 chart.
- a. Provide a PBR Savings Breakout chart for each year from June 2016 – May 2020.
 - b. Provide a PBR Savings Breakout chart for June 2020 – present day.
 - c. There appears to have been significant capacity release savings from June 2006 – May 2012. Explain why Atmos chose to stop performing capacity releases if the savings were as high as \$471,802 annually.
 - d. Explain in full detail why the transportation discount savings has drastically risen from \$296,682 in June 2006 – May 2007, to \$3,046,410 in June 2015 – May 2016.
 - e. Explain in full detail why the commodity discount savings has lowered from \$3,739,622 in June 2006 – May 2007, to \$2,976,522 in June 2015 – May 2016. Ensure to include whether there are other issues contributing to the lower commodity discount savings besides the lower price of natural gas.

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- f. Explain in full detail why Atmos' share of the PBR savings has risen from \$1,566,032 in June 2006 – May 2007, to \$2,751,217 in June 2015 – May 2016, which is a \$1,185,185 increase.
- g. Explain why Atmos' customers' share of the PBR savings has only risen from \$2,752,568 in June 2006 – May 2007, to \$3,271,716 for June 2015 – May 2016, which is a \$519,148 increase.
- h. Refer to subpart (g). Explain in full detail why Atmos' share of the PBR savings increased more than twice as much as the customer's share of the PBR savings in June 2006 – May 2016.
- i. Refer to subparts (g) and (h), and explain whether this indicates that the customers' percentage share of the PBR savings is too low. If not, explain in detail why not.
- j. Refer to the final Order in Case No. 2019-00437, in which the Commission appears to have modified LG&E's PBR sharing allocation to 70/30 in favor of the customers in the first band covering variances from the benchmark ranging from 0% to 4.6%, instead of 0% to 2%.¹ Atmos' current PBR sharing allocation is 70/30 in favor of the customers in the first band covering variances from the benchmark ranging from 0% to 2%.² Explain why Atmos should not be required to modify the upper end of its first band similar to the Commission's modifications to LG&E's PBR, thereby increasing the sharing allocation of the PBR savings to Atmos' customers.

¹ Case No. 2019-00437, *Electronic Application of Louisville Gas and Electric Company for Renewal and Proposed Modification of its Performance-Based Ratemaking Mechanism* (Ky. PSC Oct. 26, 2020), Order at 7.

² Case No. 2015-00298, *Request of Atmos Energy Corporation for Modification and Extension of its Gas Cost Adjustment Performance Based Ratemaking Mechanism* (Ky. PSC Mar. 31, 2016), Order at 2.