

**JOHN N. HUGHES**  
*Attorney at Law*  
Professional Service Corporation  
124 West Todd Street  
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October 12, 2022

Linda C. Bridwell  
PSC Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: Atmos Energy Corporation  
Case No. 2022-00292

Dear Ms. Bridwell:

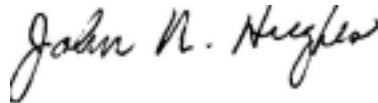
Atmos Energy Corporation submits its response to Staff Data Request 1. I certify that the electronic documents are true and correct copies of the original documents.

If you have any questions about this filing, please contact me.

Submitted By:

Mark R. Hutchinson  
Wilson, Hutchinson & Littlepage  
611 Frederica Street  
Owensboro, KY 42301  
(270) 926-5011  
[randy@whplawfirm.com](mailto:randy@whplawfirm.com)

And



John N. Hughes  
124 West Todd St.  
Frankfort, KY 40601  
(502) 227-7270  
[jnhughes@johnnhughespsc.com](mailto:jnhughes@johnnhughespsc.com)

Attorneys for Atmos Energy Corporation

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY )  
CORPORATION FOR APPROVAL OF )  
SPECIAL CONTRACT PURSUANT TO ITS ) CASE NO. 2022-00292  
ECONOMIC DEVELOPMENT RIDER )

CERTIFICATE AND AFFIDAVIT

The Affiant, Brannon C. Taylor, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Brannon C Taylor

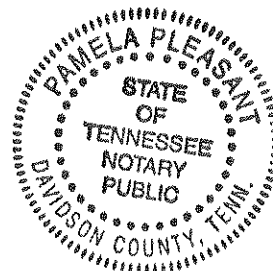
STATE OF TENNESSEE  
COUNTY OF WILLIAMSON

SUBSCRIBED AND SWORN to before me by Brannon C. Taylor on this the 3rd day of October, 2022.

  
\_\_\_\_\_  
Pamela Pleasant

Notary Public

My Commission Expires: MARCH 6, 2024



**Case No. 2022-00292**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-01**  
**Page 1 of 1**

**REQUEST:**

Refer to the Application, page 2 and the Large Volume Natural Gas Service Agreement, page 1.

- a. Confirm that Matalco Kentucky LLC (Matalco) is a new customer that is constructing new facilities that are the subject of this special contract. If confirmed, describe the new facilities that are being constructed, the location of those facilities, and provide when the construction will be completed. If this cannot be confirmed, explain why not.
- b. Refer to Atmos's Economic Development Rider (EDR) tariff which is attached to the application. The EDR tariff states that "[t]his Rider is available for load associated with initial permanent service to new establishments, expansion of existing establishments or new customers in existing establishments. This Rider may also be available for existing customers that are experiencing financial hardship, if certain conditions can be met." Identify the category that Matalco falls under to qualify it for the EDR discount and fully explain how Matalco's situation permits it to qualify for the EDR discount.

**RESPONSE:**

- a. Confirmed. Matalco is a new customer at 300 Brown Road, Franklin, Kentucky. This is a brownfield site where Matalco has purchased an existing building and is constructing all new facilities within the existing building for aluminum manufacturing inside the existing building. Construction has been completed, and Atmos Energy is waiting for Matalco to activate their equipment.
- b. Matalco is a new customer in an existing establishment. Matalco Kentucky meets this requirement as they are a new customer setting up new service and constructing new facilities within the existing establishment for their manufacturing process. Matalco is utilizing a completely different process to manufacture a product that is different from the previous tenant. In addition, Matalco will exceed the minimum expected demand of 9,000 MCF per year.

Respondent: Brannon Taylor

**Case No. 2022-00292**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-02**  
**Page 1 of 1**

**REQUEST:**

Refer to the Large Volume Natural Gas Service Agreement, page 2.

- a. State whether the Pipeline Replacement Program Rider rates will apply to Matalco. If not, explain why not.
- b. Provide a hypothetical bill illustrating the application of the EDR discount.
- c. Provide estimated volumes for Matalco for the first five years of the EDR contract, with associated estimated billings. The estimated billing should be in sufficient detail to show how the tariff rates and the EDR discounts will be applied to estimated volumes.

**RESPONSE:**

- a. Confirm, PRP rates will apply.
- b. Please see Attachment 1.
- c. Estimated volumes are subject to a variety of economic factors, and volumes provided in this example should be not construed as any guarantee provided by the Company. Please see Company's response to subpart (b) and Attachment 2. Matalco expects their usage to be consistent on a monthly basis with very little seasonal swing and periodic maintenance outages. It can be reasonably expected that over the next five years, their monthly bill will be consistent from month to month. Attachment 1 demonstrates Matalco's hypothetical estimated bill with the EDR rate, and Attachment 2 demonstrates Matalco's rate after the EDR has expired beginning in year 5 and continuing through year 8 of the proposed contract. Please note, all of Matalco's rates will be charged in accordance with the latest approved T-4 tariff on file.

**ATTACHMENTS:**

Staff\_1-02\_Att1 - Hypothetical Bill.pdf  
Staff\_1-02-Att2 - Year 5 Bill.pdf

Respondent: Brannon Taylor



**Matalco Kentucky, LLC**  
**Franklin, KY**

Sample Natural Gas Bill

Rate Schedule: T-4 EDR

Firm Commercial/Industrial Service

Charge Description	Volume	Unit of Measure	Unit Amount	Amount
Monthly Customer Charge			\$520.00	\$ 520.00
Admin Fee			\$50.00	\$ 50.00
EFM Equipment			\$75.00	\$ 75.00
Cellular Fee			\$25.00	\$ 25.00
Distribution Cost- First 300 (Base Load)	300	MCF	\$1.5483	\$ 464.49
Distribution Cost- Next 450 (Base Load)	450	MCF	\$1.0762	\$ 484.29
Distribution Cost- Next 14,250 (EDR Rate)	14,250	MCF	\$0.8072	\$ 11,501.89
Distribution Cost- Over 15,000 (EDR Rate)	31,080	MCF	\$0.6666	\$ 20,717.93
PRP Rider First 300	300	MCF	\$0.0371	\$ 11.13
PRP Rider Next 14,700	14,700	MCF	\$0.0258	\$ 379.26
PRP Rider Over 15,000	31,080	MCF	\$0.0213	\$ 662.00
Franchise Fee			1%	\$ 348.91
School Fee			3%	\$ 1,057.20
Sales Tax			6%	\$ 2,177.83

**Total Bill \$ 38,474.92**

\*\*Base Load charged at full T-4 Tariff  
 \*\*EDR Rate is T-4 Tariff with 25% Discount

Monthly Consumption	64 MCFH Average Flow
	64 MCFH x 24 Hrs x 30 Days/Month = 46,080 MCF/Month



**Matalco Kentucky, LLC**  
**Franklin, KY**

Sample Natural Gas Bill

Rate Schedule: T-4

Firm Commercial/Industrial Service

Charge Description	Volume	Unit of Measure	Unit Amount	Amount
Monthly Customer Charge			\$520.00	\$ 520.00
Admin Fee			\$50.00	\$ 50.00
EFM Equipment			\$75.00	\$ 75.00
Cellular Fee			\$25.00	\$ 25.00
Distribution Cost- First 300	300	MCF	\$1.5483	\$ 464.49
Distribution Cost- Next 14,700	14,700	MCF	\$1.0762	\$ 15,820.14
Distribution Cost- Over 15,000	31,080	MCF	\$0.8888	\$ 27,623.90
PRP Rider First 300	300	MCF	\$0.0371	\$ 11.13
PRP Rider Next 14,700	14,700	MCF	\$0.0258	\$ 379.26
PRP Rider Over 15,000	31,080	MCF	\$0.0213	\$ 662.00
Franchise Fee			1%	\$ 456.31
School Fee			3%	\$ 1,382.62
Sales Tax			6%	\$ 2,848.19

**Total Bill \$ 50,318.05**

Monthly Consumption	64 MCFH Average Flow
	64 MCFH x 24 Hrs x 30 Days/Month = 46,080 MCF/Month

**Case No. 2022-00292**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-03**  
**Page 1 of 1**

**REQUEST:**

State whether Atmos has adequate capacity to service Matalco and provide any analysis that Atmos conducted to determine that it has adequate capacity, with a reserve margin for system reliability, to serve Matalco.

**RESPONSE:**

Atmos Energy has adequate system capacity with reserve margin for system reliability to serve Matalco with Firm Transportation Service. It was determined by Atmos Energy's Tech Services that Atmos Energy had adequate capacity based on the usage of the previous tenant and pressure knowledge of the system.

Respondent: Brannon Taylor

**Case No. 2022-00292**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-04**  
**Page 1 of 1**

**REQUEST:**

Provide copies of all correspondence between Atmos and Matalco regarding the EDR, including electronic mail messages and notes of telephone conversations.

**RESPONSE:**

Please see Attachment 1.

**ATTACHMENT:**

Staff\_1-04\_Att1 - Correspondence

Respondent: Brannon Taylor



**From:** Rob Gullett  
**To:** [Bates, Ryan R](#)  
**Subject:** [EXT] RE: Matalco - Franklin, KY  
**Date:** Friday, April 30, 2021 3:25:03 PM

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Thanks.

Rob Gullett  
Managed Energy LLC  
Phone: (256) 275-3083  
Fax: (888) 564-3458  
Cell: (812) 455-7861  
Email: [rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)

---

**From:** Bates, Ryan R [mailto:[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)]  
**Sent:** Friday, April 30, 2021 3:17 PM  
**To:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Cc:** Kimberley Bildfell <[kdbildfell@gg-inc.ca](mailto:kdbildfell@gg-inc.ca)>  
**Subject:** RE: Matalco - Franklin, KY

Let me get with my VP Monday and our VP of Rates and Regulatory information to get that ball started and I'll let you know.

Have a great weekend!

Ryan Bates  
615-771-8311 Office  
615-310-4982 Cell  
[ryan.bates@atmosenergy.com](mailto:ryan.bates@atmosenergy.com)

---

**From:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Sent:** Friday, April 30, 2021 2:36 PM  
**To:** Bates, Ryan R <[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)>  
**Cc:** Kimberley Bildfell <[kdbildfell@gg-inc.ca](mailto:kdbildfell@gg-inc.ca)>  
**Subject:** [EXT] RE: Matalco - Franklin, KY

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Hey Ryan,

Kim would like to participate in the EDR. What is the contracting process and when do we need to start it?

Have a good weekend.

Thanks,

Rob Gullett  
Managed Energy LLC  
Phone: (256) 275-3083  
Fax: (888) 564-3458  
Mobile: (812) 455-7861  
[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)

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**From:** Bates, Ryan R <[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)>  
**Sent:** Wednesday, April 28, 2021 1:01 PM  
**To:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Cc:** Kimberley Bildfell <[kdbildfell@gg-inc.ca](mailto:kdbildfell@gg-inc.ca)>  
**Subject:** RE: Matalco - Franklin, KY

Rob,

We do not have energy efficiency programs anymore in KY. I think the PSC eliminated most of these programs from natural gas tariffs.

However, we mentioned during the initial RFI stages about an EDR rate (Economic Development Rider) where we would discount 25% of the transportation rate for 4 years in accordance with our tariff. The only issue with this is that this takes KY PSC approval, which takes several months and that this would require a 4 year special contract between Matalco and Atmos. We have a couple of EDR contracts we have pushed through so we can definitely do this if Matalco is comfortable signing a 4 year agreement with us. I don't see the PSC denying the EDR because Matlaco is making a significant investment in the community. We may need to reach out to Matalco on some of the economic impact information as part of our filing, and we may need to show that natural gas was a critical component as to why Matalco selected Franklin.

From our Tariff:

Contract Year	Tariff Margin Discounted by:
1	25%
2	25%
3	25%
4	25%
After 4 <sup>th</sup> Year	0%

Let me know your thoughts and if you have any questions.

Ryan Bates  
615-771-8311 Office  
615-310-4982 Cell  
[ryan.bates@atmosenergy.com](mailto:ryan.bates@atmosenergy.com)

---

**From:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Sent:** Wednesday, April 28, 2021 10:32 AM  
**To:** Bates, Ryan R <[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)>  
**Cc:** Kimberley Bildfell <[kdbildfell@gg-inc.ca](mailto:kdbildfell@gg-inc.ca)>  
**Subject:** [EXT] Matalco - Franklin, KY

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Hey Ryan,

Are there energy equipment related rebate programs we need to be aware of and file for as we go through this process? This came up because Kim is working in Wisconsin (new plant construction) to capture some rebates available through the natural gas utility's energy efficiency program.

Thanks,  
Rob Gullett  
Managed Energy LLC  
Phone: (256) 275-3083  
Fax: (888) 564-3458  
Mobile: (812) 455-7861  
[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)

**From:** Rob Gullett  
**To:** [Bates, Ryan R](#)  
**Subject:** [EXT] RE: Service Availability Question  
**Date:** Tuesday, September 15, 2020 4:13:11 PM

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Thanks.

Rob Gullett  
Managed Energy LLC  
Phone: (256) 275-3083  
Fax: (888) 564-3458  
Mobile: (812) 455-7861  
[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)

---

**From:** Bates, Ryan R <[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)>  
**Sent:** Tuesday, September 15, 2020 4:01 PM  
**To:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Subject:** Re: Service Availability Question

Just the distribution cost. No other items are discounted.

---

**From:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Sent:** Tuesday, September 15, 2020 3:57:11 PM  
**To:** Bates, Ryan R <[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)>  
**Subject:** [EXT] RE: Service Availability Question

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Hey Ryan,

Quick question...should the EDR impact the PRP rider cost or just the distribution cost?

Thanks,  
Rob Gullett  
Managed Energy LLC  
Phone: (256) 275-3083  
Fax: (888) 564-3458  
Mobile: (812) 455-7861  
[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)

---

**From:** Bates, Ryan R <[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)>  
**Sent:** Tuesday, September 15, 2020 3:26 PM  
**To:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Subject:** RE: Service Availability Question

Rob,

I've assumed Danny's responsibilities as the Industrial Account Manger for his territory. I've responded to your questions below in red. Attached is a sample bill per our conversation earlier for T-4 (Firm Transportation) and T-3 (Interruptible Transportation) without gas costs, and includes all taxes and fees. I've been inside the building once, and it's a pretty clean facility. It used to be a commercial print factory for Quad Graphics that printed magazines such as Businessweek and Sports Illustrated. I was in there back in January for a site visit (pre-COVID!) and thought they had kept it well maintained since closing. I also know this is part of TVA's area, so I'm sure Danny Issacs (TVA's regional economic development specialist) has incentives as well.

If there's any other additional information you need, let me know.

Ryan Bates, P.E.  
Sr. Industrial Account Manager  
Atmos Energy Corporation  
615-771-8311 Office  
615-310-4982 Cell  
[ryan.bates@atmosenergy.com](mailto:ryan.bates@atmosenergy.com)

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**From:** Bertotti, Danny P <[Danny.Bertotti@AtmosEnergy.com](mailto:Danny.Bertotti@AtmosEnergy.com)>  
**Sent:** Tuesday, September 15, 2020 11:43 AM  
**To:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>; Bates, Ryan R <[Ryan.Bates@atmosenergy.com](mailto:Ryan.Bates@atmosenergy.com)>  
**Subject:** Re: Service Availability Question

Ryan, can you get with Rob? We should be in good shape. This is the old Brown Printing / QG printing facility.

Danny Bertotti

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**From:** Rob Gullett <[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)>  
**Sent:** Tuesday, September 15, 2020 11:24:58 AM  
**To:** Bertotti, Danny P <[Danny.Bertotti@AtmosEnergy.com](mailto:Danny.Bertotti@AtmosEnergy.com)>  
**Subject:** [EXT] Service Availability Question

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**and know the content is safe.**

Hey Danny,

Here is the address my client is looking at...300 Brown Road, Franklin, KY. It appears to be an existing manufacturing facility.

1. Is this address in the ATMOS service territory? **Yes and there are two meters at this building. One on the southside and one at the east side where there is a physical plant. Ideally, we would want to combine these to two into one meter for a single delivery point. Two meters would equal two monthly charges, admin fees, etc.**
2. Can you provide 50 to 60 psi outlet pressure at this location? **Yes, but we would need operational approval. We have a 6-inch 400 PSIG pipeline along the southside of the property, but usually when we get pressure requests that high, we like to have justification from the customer (IE- equipment requirements).**
3. There load is forecast to be around 2,000 MMBtu per day. **Shouldn't be a problem, I'm assuming 24 hours-16 hours per day for a max connected load around 100-125 MCFH?**
4. Is firm transportation service an option based on the load and location? **Yes. Our T-4 or T-3 rate would apply here. We would encourage the customer to find a marketer for gas cost savings. The distribution charge to Atmos is the same regardless, so we encourage those who qualify to transport for potential cost savings and long term fixed pricing. Per our discussion, I have left off the gas cost component. Right now, Firm Gas cost (past 12 month average) is \$3.74/MCF and \$2.48/MCF for interruptible.**
5. What is the interstate pipeline transporters us to make deliveries to the ATMOS city gate? **Texas Gas Transmission.**
6. Is there delivery/supplier pooling for transport customers? **Yes. It would come off Texas Gas's Bowling Green 1989 meter (KY TGT Zone 3 BG). We have several marketers with pools already setup, and we have some what I call standalone pools (IE- marketer has one customer in the pool). If you need marketer contacts, let me know. If you are familiar with Kentucky, it's the usual suspects that have pools on this lateral.**
7. What is the pipeline replacement program rider (PRP)? **PRP is our cost recovery rider for system integrity projects to replace infrastructure and enhance system safety across Kentucky. This money stays in Kentucky for infrastructure replacement related to system safety. The amount charged is determined by the KY PSC as part of our annual rate filing, and is charged across all rate categories.**
8. What would be the approximate economic development rider savings? **Our current EDR is 25% off distribution charges for 4 years once approved by the KY PSC. I've attached as sample bill under the T-4 and T-3 rate with the EDR. It's close to a 23-34% savings because the EDR only applies to the distribution charge, it does not apply to customer charges, admin charges, or PRP charges.**
9. What is the Alternate Fuel Responsive Flex provision? **This is in the event gas service is available to you, but another fuel source is cheaper, we can match the cost of the alternative fuel source with proper documentation/justification. We've done this once before with Western Kentucky where their coal pricing was cheaper than natural gas, so were able to**

match our gas prices with their coal pricing. This could include propane, diesel, etc.

10. Are there any riders other than PRP they would pay? **No there not any other riders at this time.**

I appreciate your help with this. Feel free to add anything else you can think of that would be helpful to my client.

Thanks,

Rob Gullett

Managed Energy LLC

Phone: (256) 275-3083

Fax: (888) 564-3458

Mobile: (812) 455-7861

[rgullett@managed-energy.com](mailto:rgullett@managed-energy.com)