

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR APPROVAL OF A SPECIAL)	CASE NO.
CONTRACT PURSUANT TO ITS ECONOMIC)	2019-00145
DEVELOPMENT RIDER)	

COMMISSION STAFF'S INITIAL 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 in paper medium of the following information, with a copy to all parties of record. The information requested herein is due on or before July 1, 2019. Responses to requests for information in paper medium 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 the 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, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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. 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 the application at page 1 and Exhibit A at page 1.
 - a. Confirm that Diageo Americas Supply, Inc. (Diageo), is an existing customer currently served by Atmos that is constructing new, additional facilities that are the subject of this special contract. If confirmed, describe the additional facilities that are being constructed and the location of those facilities, provide when the construction will be completed, and state whether the 31 jobs created by this project are incremental to an existing workforce. If this cannot be confirmed, state when Diageo's facility was constructed and when Atmos began providing service to the facility.
 - b. Refer to Atmos's Economic Development Rider (EDR) tariff attached as Exhibit B 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 Diageo falls under to qualify it for the EDR discount and fully explain how Diageo’s situation permits it to qualify for the EDR discount.

2. Refer to the application, Exhibit A at page 1.
 - a. Provide a copy of the Large Volume Natural Gas Service Agreement No. WKG-1676 by and between Atmos Energy and Diageo, effective as of June 1, 2017 (2017 Agreement).
 - b. If not otherwise included in the 2017 Agreement, provide Diageo’s current rate schedule and maximum daily receipt and delivery.
 - c. State whether the 2017 Agreement is a special contract and, if so, state the date and manner of its filing with the Commission pursuant to 807 KAR 5:011, Section 13.
3. Refer to the application, Exhibit A at page 1; Case No. 2017-00349,¹ Direct Testimony of Paul H. Raab; and Case No. 2012-00066,² Order dated August 27, 2012, at pages 2 and 3. The discussion of the cost-of-service study (COSS) produced in Case No. 2017-00349 indicates that Atmos’s witness sponsored a class COSS to determine how revenue would be allocated to the various customer classes. Explain how this class COSS satisfies the requirement for a marginal COSS ordered in Case No. 2012-00066 and as stated in Atmos’s EDR tariff.

¹ Case No 2017-00349, *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications*, filed September 28, 2017.

² Case No. 2012-00066, *Application of Atmos Energy Corporation for an Order Approving Economic Development Riders* (KY PSC Aug. 27, 2012).

4. Refer to the application, Exhibit A at page 1 and Administrative Case No. 327,³ final Order at 8, which states that a “current [marginal cost-of-service] study is one conducted no more than one year prior to the date of the contract.” Explain why Atmos is proposing to utilize a COSS conducted before April 22, 2018, in support of the Diageo special contract.

5. Refer to the application, Exhibit A at page 2, Section 3.

a. Explain how Diageo’s normalized base load of 750 thousand cubic feet (Mcf) per month was determined.

b. Confirm that the last sentence of the second paragraph should read, “Any volumes in excess of 750 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 9,000 Mcf expected demand threshold referenced above is met.” If this cannot be confirmed, explain why the current value of 750 is correct.

6. Refer to the application, Exhibit A at page 2, Section 3, and Exhibit B, and Atmos’s Firm Transportation Service (Rate T-4) tariff.

a. State whether the Pipeline Replacement Program Rider rates will apply to Diageo. If not, explain why not.

b. Provide a hypothetical bill illustrating the application of the EDR discount.

c. Provide Diageo’s monthly volumes from June 2017 to present and the associated revenues related to Atmos’s provision of service to Diageo.

³ Administrative Case No. 327, *An Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities* (Ky. PSC Sept. 24, 1990).

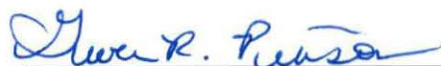
d. Provide estimated volumes for Diageo for the first five years of the EDR contract, with associated estimated billings. The estimated billings should be in sufficient detail to show how the tariff rates and the EDR discounts will be applied to estimated volumes.

e. Refer also to the application, Exhibit A at page 3, Section 6. Provide cost support for the Monthly Facilities Charge and Monthly Cellular Charge and confirm that these are the "EFM Charge" and "Cellular fee" referenced on page 2, Section 3.

7. Provide any analysis Atmos has performed to demonstrate that this special contract will generate revenue sufficient to cover the variable costs related to serving Diageo and make contributions to fixed costs.

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

9. Provide copies of all correspondences between Atmos and Diageo regarding the EDR, including electronic mail messages and notes of telephone conversations.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED JUN 14 2019

cc: Parties of Record

*Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303

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

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204