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April 9, 2020

RECEIVED

APR 09 2020

PUBLIC SERVICE  
COMMISSION

Kent Chandler  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

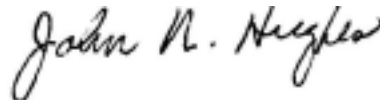
Re: Atmos Energy Corporation  
Case No. 2020-00023

Dear Mr. Chandler:

Atmos Energy Corporation submits its responses to the Commission's Second Data Request.

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

Submitted By:



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Attorney for Atmos Energy Corporation

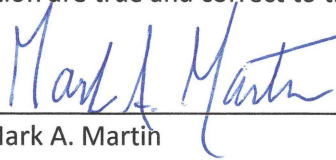
COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY )  
CORPORATION FOR APPROVAL AND )  
CONFIDENTIAL TREATMENT OF A SPECIAL )  
CONTRACT AND COST ANALYSIS )  
INFORMATION SUBMITTED TO THE KENTUCKY )  
PUBLIC SERVICE COMMISSION )

CASE NO.  
2020-00023

AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the attached responses to Commission Staff's second request for information are true and correct to the best of his knowledge and belief.

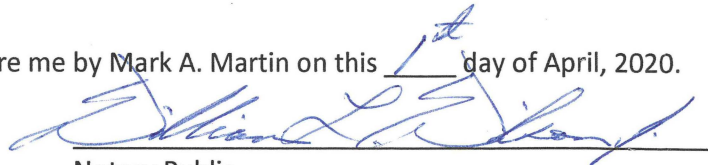
  
\_\_\_\_\_

Mark A. Martin

STATE OF KENTUCKY )

COUNTY OF DAVIESS )

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this 1<sup>st</sup> day of April, 2020.

  
\_\_\_\_\_

Notary Public

My Commission Expires: 3-15-24

ID No. KYNP 2254

**Case No. 2020-00023**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 2**  
**Question No. 2-01**  
**Page 1 of 1**

**REQUEST:**

Refer to Atmos's response to Commission Staff's First Request (Staff's First Request), Item 4. Provide a general explanation, with as much non-confidential information as possible, demonstrating that the special contract with the industrial customer will generate sufficient revenue to cover Atmos's variable costs and contribute to fixed costs.

**RESPONSE:**

The Company estimates the expenses associated with serving the customer to be \$19,900.

Odorant	\$ 2,211
KPSC Assessment	548
Depreciation	3,276
Capital Cost	11,684
Income Tax	<u>2,181</u>
	<b>\$ 19,900</b>

The estimated associated revenue is \$280,020, leaving a contribution of \$260,120 towards fixed costs.

**Case No. 2020-00023**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 2**  
**Question No. 2-02**  
**Page 1 of 1**

**REQUEST:**

Refer to Atmos's response to Staff's First Request, Item 5.

- a. If additional investment is necessary to serve the industrial customer in the future, explain whether Atmos would require the customer to be responsible for the additional investment.
- b. Further, explain whether Atmos would enter into a new contract with the industrial customer regarding the additional investment.

**RESPONSE:**

- a. Atmos Energy cannot answer this question at this time because there are too many unknown variables. In the spirit of trying to provide the requested information, Atmos Energy would point to its tariff language regarding Distribution Main Extensions (Sheet No. 83) and Special Contracts (Sheet No. 41). How much, if any, the industrial customer would have to pay would be dependent upon its facts and circumstances at that time. In the event the industrial customer's future volumes exceed Atmos Energy's current capacity, we will compare the incremental revenue to the costs of the investment necessary to meet the increased capacity. If the incremental revenue provides a rate of return equal to or greater than the allowed rate of return, the customer would not be responsible for any additional investment. If the revenue does not provide a rate of return equal to the allowed rate of return, we will ask the customer to invest in the amount of investment over and above what Atmos Energy can invest to meet its allowed rate of return.
- b. If the additional investment was contingent upon the industrial customer using an additional certain volume of gas, Atmos Energy would enter into a new contract.