

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS)	CASE NO.
ENERGY CORPORATION FOR AN)	2021-00214
ADJUSTMENT OF RATES)	

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

Atmos Energy Corporation (Atmos), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on February 2, 2022. 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 response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

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).

Atmos shall make timely amendment to any prior response if Atmos obtains information that indicates 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, 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 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, Volume 6, FR_16(8)(j)_Att1_-_Schedule_J, schedule J-2 F, page 8 of 8, the short-term debt balance of \$21.557 million and commitment fees of \$5.305 million. Also refer to the spreadsheet filed on December 3, 2021, 2021_KY_Rev_Req_Model_-_Rebuttal_-_Revised.xlsx, Tab J-2F. Here the short-term debt balance decreased to \$6.705 million and the commitment fees increased to \$5.417 million.

a. Explain why Atmos decreased its short-term debt balance. Provide support for this decrease.

b. Explain why the commitment fees increased. Provide support for this increase.

c. Refer to the Direct Testimony of Lane Kollen, page 41. Here Mr. Kollen calculated commitment fees based upon each line of credit if the maximum amount was borrowed. Explain why Atmos's commitment fees are almost double that of the amount calculated by Mr. Kollen.

2. Refer to the spreadsheet filed by Atmos on December 3, 2021, 2021_KY_Rev_Req_Model_-_Rebuttal_-_Revised.xlsx, Tab J-1.

a. Explain the adjustment made for Interest Rate Swaps.
b. Explain why this adjustment was not included in the original filing.
c. Provide all interest rate swaps and the associated gains and losses since 2018.

3. Refer to the Rebuttal Testimony of Joe T. Christian (Christian Rebuttal Testimony), page 8 line 16 through page 9, line 8.

a. Explain how Atmos allocates funds to its subsidiaries.
b. Mr. Christian states that Atmos makes business decisions in the best interest of all of its stakeholders.

(1) Explain who these stakeholders are.
(2) Explain how Atmos prioritizes these stakeholders.
(3) Explain how Atmos prioritizes these stakeholders for its Kentucky operations.

c. When Atmos goes to the market for a loan, explain if the lenders review Atmos's capital structure or do lenders review the capital structure applied for rate making purposes in each of its subsidiaries.

d. Explain if a capital structure is altered for rate making purposes, if these changes directly alter Atmos's capital structure.

4. Refer to the Christian Rebuttal Testimony, Exhibit JTC-R-2.
 - a. Explain what this exhibit represents.
 - b. Explain whether this analysis represents Atmos or Atmos's Kentucky operations.
 - c. Provide the actual time periods Year 1, Year 2, etc. represent.
 - d. Explain whether rating agencies such as Moody's or Standard and Poor's use a capital structure used for rate making purposes for a subsidiary or use Atmos's capital structure as a whole.
 - e. Explain whether this analysis implies that if the capital structure is modified for rate making purposes for a subsidiary of Atmos, it will impact Atmos's capital structure as rating agencies will use this differing capital structure for the calculation of key financial indicators.
 - f. Explain whether Kentucky operations represent the entire company when Atmos goes to the market for financing.
5. Refer to Atmos's response to Commission Staff's Sixth Request for Information, Item 6, Attachment 1, regarding the returned check charge. That request asked for the number of returned payments by month for calendar years 2016 to 2020 and 2021 to date as well as the dollar amount of fees banks have charged Atmos by month for returned payments for those same periods. While Atmos's response appears to have included the number of returned payments by month for the requested periods, Atmos appears to have provided the amount it charged customers for returned payments instead of the amount it was charged for returned payments by the banks it does business with.

a. Provide the amount Atmos was charged by its banks for returned payments for the previously requested periods.

b. Atmos's response seems to indicate it assessed less returned payment charges than there were returned payments. Confirm that this is accurate, and if so, explain why there were less returned payment charges assessed than there were returned payments. If not confirmed, explain why the amounts in the Returned Fee Charge Count columns are less than the amounts in the Returned Payment Count columns.

6. Explain how Atmos uses short-term debt.

a. Explain when Atmos decides to roll short-term debt into long term debt.

b. Explain if there is a trigger amount or balance that signals a need to roll short-term debt into long-term debt and if so, provide this trigger or balance.

c. Provide the number of times Atmos has accessed its short-term debt since 2018.



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cc: Parties of Record

Case No. 2021-00214

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