

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF ATMOS ENERGY)	CASE NO.
CORPORATION)	2018-00233

ORDER

On May 3, 2018, in Case No. 2017-00349,¹ the Commission approved rates for Atmos Energy Corporation (Atmos) and provided for their further adjustment in accordance with Atmos's Gas Cost Adjustment (GCA) clause. On July 3, 2018, Atmos filed its GCA to be effective August 1, 2018.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Atmos's notice includes revised rates designed to pass on to its sales customers its expected change in wholesale gas costs.
2. Atmos's Expected Gas Cost (EGC) for firm sales customers is \$4.7812 per Mcf, which is an increase of \$.1535 per Mcf from the previous EGC of \$4.6277 per Mcf. Atmos's EGC for interruptible sales customers is \$3.4730 per Mcf, which is an increase of \$.1535 per Mcf from the previous EGC of \$3.3195 per Mcf.
3. Atmos's notice sets out no Refund Factor.
4. Atmos's notice sets out a Correction Factor (CF) of (\$.3093) per Mcf, which is a decrease of \$.8050 per Mcf from its previous CF of \$.4957 per Mcf.

¹ Case No. 2017-00349, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications* (Ky. PSC May 3, 2018).

5. Atmos's notice sets out a Performance-Based Rate Recovery Factor (PBRRF) of \$.1852 per Mcf, which is no change from its previous PBRRF.

6. Atmos's GCAs are \$4.6571 per Mcf for firm sales customers and \$3.3489 per Mcf for interruptible sales customers. The impact on firm sales customers is a decrease of \$.6515 per Mcf from the previous GCA of \$5.3086 per Mcf. The impact on interruptible sales customers is a decrease of \$.6515 per Mcf from the previous GCA of \$4.0004 per Mcf.

7. The rates proposed by Atmos and set forth in Appendix A to this Order are fair, just, and reasonable, and should be approved for final meter readings by Atmos on and after August 1, 2018. Although Atmos's GCA rate filing did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

8. Atmos's future GCA applications should include an electronic version containing the supporting calculations used to compute the GCA in Excel spreadsheet format with all formulas intact and unprotected, and with all columns and rows accessible.

9. The Commission last reviewed the natural gas procurement practices of the five largest jurisdictional Local Distribution Companies (LDC) through a focused audit performed by Liberty Consulting Group as a result of Administrative Case No. 384.² The Commission finds that sufficient time has elapsed since the consultant's report was issued that it is reasonable to require the LDCs to provide updated information concerning their gas procurement activities and their efforts to ensure they are maximizing the opportunity to pass along gas cost savings to their customers, consistent with security of

² Administrative Case No. 384, *An Investigation of Increasing Wholesale Natural Gas Prices and the Impacts of Such Increases on the Retail Customers Served by Kentucky's Jurisdictional Natural Gas Distribution Companies* (Ky. PSC July 17, 2001).

supply, during this time of plentiful and low-cost gas supplies. The Commission further finds that Atmos should file responses to the requests for information set forth in Appendix B to this Order when it files its next GCA Application on or about October 1, 2018, for rates effective for the November 2018 billing cycle.

a. Responses to requests for information shall be appropriately bound, tabbed, and indexed and shall include the name of the witness responsible for responding to questions related to the information provided, with the original and six copies in paper medium and an electronic version to the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, 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.

c. 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.

d. 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.

e. Careful attention should 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.

f. 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 the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rates set forth in Appendix A to this Order are approved for final meter readings on and after August 1, 2018.

2. Atmos shall file responses to the requests for information in Appendix B along with its GCA application for rates effective with the November 2018 billing cycle.

3. Within 20 days of the date of the entry of this Order, Atmos shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

4. Atmos's future GCA applications shall include the information required in finding paragraph 8.

5. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED
JUL 24 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2018-00233

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00233 DATED **JUL 24 2018**

The following rates and charges are prescribed for the customers in the area served by Atmos Energy Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

RATES:

Applicable to: General Sales Service Rate G-1

Gas Cost Adjustment

To each bill rendered under the above-named rate schedule, there shall be added an amount equal to: \$4.6571 per Mcf of gas used during the billing period.

Applicable to: Interruptible Sales Service Rate G-2

Gas Cost Adjustment

To each bill rendered under the above-named rate schedule, there shall be added an amount equal to: \$3.3489 per Mcf of gas used during the billing period.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00233 DATED **JUL 24 2018**

1. Provide copies of all interstate pipeline transportation and storage contracts and tariffs utilized during the most recent year. Provide a comparison of the terms of these transportation arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that interstate pipeline transportation costs were and are as low as possible.

2. Provide copies of all current contracts for commodity supply. Provide a comparison of the terms of these commodity supply arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that commodity gas supply costs were and are the lowest possible cost, and consistent with security of supply.

3. Provide gas supply and capacity contract summaries showing significant contract terms, daily/monthly/annual entitlements, and pricing. Identify any capacity changes (renegotiated and expired agreements, de-contracting, assignment, or long-term release) that took place during the most recent year.

4. Provide Atmos's storage arrangements; state the maximum daily injection and withdrawal rates; and the decline in deliverability that occurs as gas is withdrawn.

5. Provide the capacity of any peaking arrangements.

6. Provide a copy of any written procedures in use by Atmos for nominations and dispatching.

7. If Atmos has utilized gas marketing/trading organizations to obtain gas supplies over the last five years, indicate which organizations were so employed, gas

volumes purchased, prices, terms, and current contractual arrangements between Atmos and these marketing firms.

8. Provide a summary of the bidding/Request for Proposal process for gas supply for the last five years, providing the original bid documents, a listing of the suppliers that were contacted, the responses to the request for bid, the evaluation process that led to the selection of a supplier, and any written procedures that exist for this activity.

9. Provide a copy of Atmos's most recent gas supply plan and a written description of its gas supply planning process.

10. Provide a narrative description of any supply-planning computer models currently being used by Atmos, or being considered for future use.

11. Provide organization charts of the overall corporate organization and of the gas planning, gas purchasing, and gas operations functions. Describe any changes that have occurred in the corporate, gas planning and purchasing, and gas operations organizations in the last five years, and any changes that are underway or contemplated within the next five years.

12. Provide job descriptions of the personnel working in the gas planning, gas purchasing, and gas operations functions.

13. Provide copies of reports or internal audits or reviews of any aspect of the supply function conducted within the last five years. Include reports prepared by Atmos and outside auditors.

14. Provide a copy of Atmos's strategic plan with primary emphasis on gas procurement, transmission, delivery, expansion and inclusive of any significantly related capital expenditures.

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