

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF AN INCREASE IN)	
R & D RIDER PROPOSED BY ATMOS)	CASE NO. 2016-00070
ENERGY)	

ORDER

The Commission, on its own motion, hereby finds that this case should be opened to investigate the Research and Development (“R&D”) Rider set forth in the application for a general rate adjustment filed by Atmos Energy Corporation (“Atmos”) on January 15, 2016, in Case No. 2015-00343. As discussed in the Order entered today in that case, the Atmos R&D Rider is a stand-alone rate designed to recover only the actual level of Atmos’s contributions to support the research of the Gas Technology Institute (“GTI”). The currently effective Atmos R&D Rider is designated as PSC Ky. No. 2, Original Sheet No. 37, and the proposed Atmos R&D Rider is designated as PSC Ky. No. 2, First Revised Sheet No. 37. By Order entered on February 2, 2016, in Case No. 2015-00343, the Commission suspended Atmos’s proposed rates, including the revisions to its R&D Rider, for six months, through August 13, 2016.

As discussed in the Order entered today in Case No. 2015-00343, the Commission Chairman, James W. Gardner, has been a member of GTI’s Public Interest Advisory Committee (“PIAC”) since 2010. By letter filed in the record of that case on January 26, 2016, he disclosed his membership on that advisory committee, described the limited role of that committee in providing guidance to GTI on gas-related issues,

and invited the filing of comments or objections to his participation in adjudicating that case. The Attorney General's Office of Rate Intervention ("AG"), an intervenor in that case, filed on February 3, 2016, a response to the Chairman's letter. The AG asserts that the Chairman's "affiliation with GTI will create the appearance of impropriety should he participate in any determination of the R&D Rider," and the AG requests that either Atmos withdraw its proposed increase in the R&D Rider or the Chairman recuse himself from adjudicating the Atmos rate application.

Based on a review of the issue of the appearance of impropriety as raised by the AG relating to the Chairman's consideration of the Atmos R&D Rider, the Commission entered its Order today in Case No. 2015-00343 transferring the Atmos R&D Rider into this new case, where it will be investigated separately from the rest of the Atmos application for a general rate adjustment. Concurrent with the opening of this new case, the Chairman filed a letter into the record of this case recusing himself from participating in this new investigation of Atmos's proposed R&D Rider.

As 807 KAR 5:001, Section 8, permits the Commission to direct the use of electronic filing procedures for proceedings which we initiate on our own motion, we find that electronic filing procedures should be used. Atmos and the AG will be made parties to this case, and Atmos and the AG should follow the procedures set forth in 807 KAR 5:001, Section 8, when filing any document or paper in this matter. Pursuant to 807 KAR 5:001, Section 8, unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party should be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means, and the party

should file with the Commission, within seven days of the date of an Order of the Commission granting the intervention, a written statement that certifies that the party, or the party's authorized agent, possesses the facilities to receive electronic transmissions and sets forth the electronic mail address to which all electronic notices and messages related to the proceeding should be served.

To facilitate this review, a procedural schedule is set forth in Appendix A to this Order. For the convenience of the parties, that schedule mirrors the schedule previously adopted for processing Case No. 2015-00343. A person who submits a motion to intervene after February 15, 2016, and upon a showing of good cause is granted full intervention, should accept and abide by the existing procedural schedule. Finally, we will require Atmos to file into the record of this case by February 15, 2016, those portions of its application, testimony, exhibits, data requests, and data responses that are on file in Case No. 2015-00343 and that relate to, or touch upon, its proposed R&D Rider.

IT IS THEREFORE ORDERED that:

1. This case is opened to investigate and consider the revisions and rate increase proposed by Atmos to its R&D Rider, which is transferred from Case No. 2015-00343.

2. The Atmos R&D Rider, attached hereto as Appendix B and incorporated herein, shall remain suspended through August 13, 2016.

3. Atmos and the AG are made parties to this case and, pursuant to 807 KAR 5:001, Section 8(9), within seven days of entry of this Order, Atmos and the AG shall each file a written statement, with a copy to parties of record, that:

a. Certifies that it, or its authorized agent, possesses the facilities to receive electronic transmissions; and

b. Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding should be served.

4. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, shall be followed when filing papers in this proceeding.

5. Atmos shall file into the record of this case by February 15, 2016, those portions of its application, testimony, exhibits, data requests, and data responses that are on file in Case No. 2015-00343 and that relate to, or touch upon, its proposed R&D Rider.

6. Requests for intervention by any person not already a party shall be filed no later than February 15, 2016. Any person who submits a motion to intervene after February 15, 2016, and upon a showing of good cause is granted full intervention, shall accept and abide by the existing procedural schedule.

7. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of a Commission Order granting its intervention, file with the Commission a written statement that:

(1) Certifies that it, or its authorized agent, possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding should be served.

8. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

9. Atmos shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:001, Section 9(2). At the time publication is requested, Atmos shall forward a duplicate of the notice and request to the Commission.

10. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

11. Pursuant to KRS 278.360 and KAR 5:001, Section 9(9), a digital video transcript shall be made of the hearing.

12. The procedural schedule set forth in Appendix A to this Order shall be followed in this proceeding.

13. 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 the questions related to the information provided, with an original in paper medium and an electronic version to the Commission.

b. 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 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. Any party shall make timely amendment to any prior responses 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.

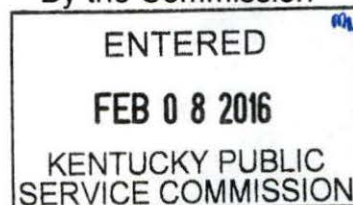
d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. A party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

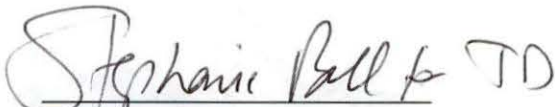
14. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

15. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00070 DATED **FEB 08 2016**

A person interested in becoming a party to this proceeding shall file a motion to intervene with the Commission pursuant to 807 KAR 5:001, Section 4(11), no later than.....	02/15/16
Atmos shall file those portions of its application, testimony, exhibits, data requests, and data responses that are on file in Case No. 2015-00343 that relate to, or touch upon, its proposed R&D Rider, no later than	02/15/16
Requests for information to Atmos shall be filed no later than	02/19/16
Atmos shall file responses to requests for information no later than	03/04/16
Supplemental requests for information to Atmos shall be filed no later than.....	03/18/16
Atmos shall file responses to supplemental requests for information no later than	04/01/16
Intervenor testimony, if any, in verified prepared form shall be filed no later than	04/15/16
Requests for information to Intervenors shall be filed no later than	04/29/16
Intervenors shall file responses to requests for information no later than	05/13/16
Atmos shall file, in verified form, its rebuttal testimony no later than	05/27/16
Last day for Atmos to request a public hearing	To be scheduled
Public Hearing to be held in Hearing Room 1 of the Commission's office at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of cross-examination of witnesses of Atmos and Intervenors	To be scheduled
Simultaneous Briefs, if any, shall be filed.....	To be scheduled

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00070 DATED **FEB 08 2016**

FOR ENTIRE SERVICE AREA

PSC KY. No. 2

First Revised SHEET No. 37

Cancelling

Original SHEET No. 37

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Research & Development Rider
R & D Unit Charge

1. Applicable:

This rider applies to the distribution charge applicable to all gas transported by the Company other than Rate T-3 and T-4 Transportation Service.

2. R&D Unit Charge:

The intent of the Research & Development Unit Charge is to maintain the Company's level of contribution per Mcf as of December 31, 1998.

R&D Unit Charge @ \$0.0174 per 1,000 cubic feet (I)

3. Waiver Provision:

The R&D Unit Charge may be reduced or waived for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission. Any such waiver shall not increase the R&D Unit Charge to the remaining classifications of service or rate schedules without Commission approval.

4. Remittance of Funds:

All funds collected under this rider will be remitted to Gas Technology Institute, or similar research or commercialization organization. The amounts so remitted shall be reported to the Commission annually.

5. Reports to the Commission:

A statement setting forth the manner in which the funds remitted have been invested in research and development will be filed with the Commission annually.

6. Termination of this Rider:

Participation in the R&D funding program is voluntary on the part of the Company. This rider may be terminated at any time by the Company by filing a notice of rescission with the Commission.

DATE OF ISSUE November 23, 2015
Month/Date/Year

DATE EFFECTIVE December 23, 2015
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2015-00343

ISSUED BY /s/ Mark A. Martin
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

PRESENT

FOR ENTIRE SERVICE AREA
PSC KY. No. 2
Original SHEET No. 37

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Research & Development Rider R & D Unit Charge	
1. <u>Applicable:</u>	This rider applies to the distribution charge applicable to all gas transported by the Company other than Rate T-3 and T-4 Transportation Service.
2. <u>R&D Unit Charge:</u>	The intent of the Research & Development Unit Charge is to maintain the Company's level of contribution per Mof as of December 31, 1998. R&D Unit Charge @ \$0.0035 per 1,000 cubic feet
3. <u>Waiver Provision:</u>	The R&D Unit Charge may be reduced or waived for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission. Any such waiver shall not increase the R&D Unit Charge to the remaining classifications of service or rate schedules without Commission approval.
4. <u>Remittance of Funds:</u>	All funds collected under this rider will be remitted to Gas Technology Institute, or similar research or commercialization organization. The amounts so remitted shall be reported to the Commission annually.
5. <u>Reports to the Commission:</u>	A statement setting forth the manner in which the funds remitted have been invested in research and development will be filed with the Commission annually.
6. <u>Termination of this Rider:</u>	Participation in the R&D funding program is voluntary on the part of the Company. This rider may be terminated at any time by the Company by filing a notice of rescission with the Commission.

DATE OF ISSUE May 13, 2013
Month/Date/Year

DATE EFFECTIVE January 24, 2014
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2013-00348

ISSUED BY /s/ Mack A. Martin
Signature of Officer

TITLE Vice President - Rates and Regulatory Affairs

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Brent Hatley
EFFECTIVE
5/1/2014
PURSUANT TO 807 KAR 6.011 SECTION 9 (1)

PROPOSED

CASE NO. 2015-00343
FR_16(1)(b)4
ATTACHMENT 1

FOR ENTIRE SERVICE AREA
PSC KY. No. 2
First Revised SHEET No. 37
Cancelling
Original SHEET No. 37

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Research & Development Rider R & D Unit Charge	
1. <u>Applicable:</u>	This rider applies to the distribution charge applicable to all gas transported by the Company other than Rate T-3 and T-4 Transportation Service.
2. <u>R&D Unit Charge:</u>	The intent of the Research & Development Unit Charge is to maintain the Company's level of contribution per Mof as of December 31, 1998. R&D Unit Charge @ \$0.0174 per 1,000 cubic feet
3. <u>Waiver Provision:</u>	The R&D Unit Charge may be reduced or waived for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission. Any such waiver shall not increase the R&D Unit Charge to the remaining classifications of service or rate schedules without Commission approval.
4. <u>Remittance of Funds:</u>	All funds collected under this rider will be remitted to Gas Technology Institute, or similar research or commercialization organization. The amounts so remitted shall be reported to the Commission annually.
5. <u>Reports to the Commission:</u>	A statement setting forth the manner in which the funds remitted have been invested in research and development will be filed with the Commission annually.
6. <u>Termination of this Rider:</u>	Participation in the R&D funding program is voluntary on the part of the Company. This rider may be terminated at any time by the Company by filing a notice of rescission with the Commission.

DATE OF ISSUE November 23, 2015
Month/Date/Year

DATE EFFECTIVE December 23, 2015
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2015-00348

ISSUED BY /s/ Mark A. Martin
Signature of Officer

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