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PUBLIC SERVICE
COMMISSION

July 31, 2014

Mr. Jeff DeRouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Request to modify existing and to propose new tariff pages

Dear Mr. DeRouen:

2014-00275

Atmos Energy Corporation (Company) herewith submits an original and ten (10) copies of an application and proposed tariff pages related to economic development. The Company is proposing one new rider; a System Development Rider (SDR). Below is a brief description of each proposed tariff:

- First Revised Sheet No. 1 – a revised index
- Second Revised Sheet No. 4 – incorporates reference to the SDR in the second footnote.
- First Revised Sheet No. 8 – incorporates reference to the SDR into subsection h of Section 3.
- First Revised Sheet No. 11 – incorporates reference to the SDR into subsection f.
- First Revised Sheet No. 42, First Revised Sheet No. 43 and First Revised Sheet No. 44 – contain the Company’s proposed SDR.

The Company would greatly appreciate the Commission’s expedited review of the proposed tariff pages. Please contact myself at 270.685.8024 if the Commission or Staff has any questions regarding this matter.

Sincerely,

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosures

cc: Dennis Howard
Mr. Mark R. Hutchinson
Mr. Bill Greer
Ms. Laura Brevard

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF ATMOS ENERGY CORPORATION)
FOR AN ORDER APPROVING SYSTEM) CASE
DEVELOPMENT RIDER) NO. _____**

APPLICATION

1. Atmos Energy Corporation, "Applicant" or "Atmos", files this Application for an order approving the System Development Rider (SDR) attached hereto as **EXHIBIT "A"**. The purpose of the SDR is set forth in the attached tariff.

2. The Applicant, a Virginia and Texas corporation, is duly qualified under the laws of Kentucky to carry on its business in the Commonwealth of Kentucky. Applicant operates a public utility in the business of purchasing, transmitting and distributing natural gas to residential, commercial and industrial users in western and south central Kentucky.

3. The Applicant's principal operating office and place of business within the Commonwealth of Kentucky is located at 3275 Highland Point Drive, Owensboro, Kentucky 42303. The post office address of Applicant is P.O. Box 650205, Dallas, Texas 75265-0205.

4. A certified copy of Applicant's restated Articles of Incorporation, as amended, together with all amendments thereto, is on file in the records of the Commission and the same are incorporated herein by reference. See Case No. 2013-00148.

5. Correspondence and communications with respect to this Application should be directed to Mark A. Martin, Atmos Energy Corporation, 3275 Highland Pointe Drive, Owensboro,

Kentucky (Mark.Martin@atmosenergy.com) and Mark R. Hutchinson, Wilson, Hutchinson, Poteat & Littlepage, 611 Frederica Street, Owensboro, Kentucky 42301 (randy@whplawfirm.com).

6. In Case No. 2012-00066, Application of Atmos Energy Corporation for an Order Approving Economic Development Riders, Atmos proposed three tariffs related to economic development initiatives: (1) Economic Development Rider ("EDR"); (2) Margin Loss Rider ("MLR"); and (3) a System Development Rider ("SDR"). The Commission approved the requested EDR tariff but denied the proposed MLR and SDR tariffs.

7. Atmos renewed its request for approval of the proposed MLR and SDR tariffs, in its next general rate case. See, Case No. 2013-00148, Application of Atmos Energy Corporation For An Adjustment of Rates and Tariff Modifications. The Commission again denied both the MLR and the SDR tariffs.

8. In this Application, Atmos is requesting approval of the SDR tariff only. In Atmos' recent rate case, the Commission found that there had been no showing of a need for a SDR tariff, noting that the Company's response to Item 5 of the Staff's Third Request, reflected "...no revenue loss in the last five years resulting from projects that would have qualified for recovery through the SDR if such a tariff rider had been in use during that time and that no such projects are contemplated during the period 2014 through 2019. ID. Rate Order, p. 45.

9. However, importantly, the Commission proceeded to make the following finding: "The Commission further finds that the denial of the SDR should be without prejudice for Atmos-KY to request the SDR in the future if it experiences increasing opportunities for projects that would be subject to such a mechanism." ID. Rate Order at 45.

10. Since entry of the Rate Order, two specific projects have been proposed in Christian County, Kentucky that would qualify under Atmos' proposed SDR tariff. These projects: (i) are related to important economic development initiatives being proposed by the local

government; (ii) require an extension of service to two areas currently unserved; and, (iii) cannot be undertaken by Atmos in the absence of the SDR tariff.

WHEREFORE, Atmos respectfully requests the Commission to provide an expedited review of this Application and for entry of an order approving the System Development Rider attached as Exhibit "A" to this Application, this 30th day of July, 2014.

Mark R. Hutchinson
Wilson, Hutchinson, Poteat & Littlepage
611 Frederica Street
Owensboro, Kentucky 42301
randy@whplawfirm.com

By: 
Mark R. Hutchinson

VERIFICATION

I, Mark A. Martin, being duly sworn under oath state that I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Midstates Division, and that the statements contained in the foregoing Application are true as I verily believe.


Mark A. Martin

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of July, 2014, the original of this Application, together with eleven (11) copies, were delivered, by overnight delivery, to the Kentucky Public Service Commission, 211 Sower Blvd, P.O. Box 615, Frankfort, Kentucky 40206.



Mark R. Hutchinson

EXHIBIT “A”

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO DATED N/A

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Rate Book Index

<u>General Information</u>	<u>Sheet No.</u>	
Rate Book Index	1 to 2	(T)
Towns and Communities	3	
System Map	-	
Current Rate Summary	4	
Current Gas Cost Adjustment (GCA)	5	
Current General Transportation Rates	6	
Computer Billing Rate Codes	7	
 <u>Sales Service</u>		
General Firm Sales Service (G-1)	8 to 9	(T)
Interruptible Sales Service (G-2)	10 to 13	(T)
Weather Normalization Adjustment (WNA)	14	
Gas Cost Adjustment (GCA)	15 to 17	
Experimental Performance Based Rate Mechanism (PBR)	18 to 29	
Demand Side Management (DSM)	30 to 36	
Research & Development Rider (R & D)	37	
Pipeline Replacement Rider (PRP)	38 to 39	
Economic Development Rider (EDR)	40 to 41	
System Development Rider (SDR)	42 to 44	(N)
 <u>Transportation Service</u>		
Transportation Service (T-3)	45 to 51	
Transportation Service (T-4)	52 to 58	
Alternate Receipt Point Service (T-5)	59 to 60	
Transportation Pooling Service (T-6)	61 to 62	
<u>Miscellaneous Special Charges</u>	63	
 <u>Rules and Regulations</u>		
1. Commission's Rules and Regulations	64	
2. Company's Rules and Regulations	64	
3. Application for Service	64	
4. Billings	65 to 66	
5. Deposits	67 to 68	
6. Special Charges	68 to 70	

DATE OF ISSUE August 1, 2014
Month/Date/Year

DATE EFFECTIVE October 1, 2014
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2013-00148

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

TITLE Vice President – Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION
NAME OF UTILITY

Cancelling

First Revised SHEET No. 4

Current Rate Summary

Firm Service

Base Charge:

Residential (G-1)	-	\$16.00	per meter per month
Non-Residential (G-1)	-	40.00	per meter per month
Transportation (T-4)	-	350.00	per delivery point per month
Transportation Administration Fee	-	50.00	per customer per meter

Rate per Mcf²

Sales (G-1)

Transportation (T-4)

First	300 ¹	Mcf	@	7.9879	per Mcf	@	1.3180	per Mcf
Next	14,700 ¹	Mcf	@	7.5499	per Mcf	@	0.8800	per Mcf
Over	15,000	Mcf	@	7.2899	per Mcf	@	0.6200	per Mcf

Interruptible Service

Base Charge	-	\$350.00	per delivery point per month
Transportation Administration Fee	-	50.00	per customer per meter

Rate per Mcf²

Sales (G-2)

Transportation (T-3)

First	15,000 ¹	Mcf	@	6.1736	per Mcf	@	0.7900	per Mcf
Over	15,000	Mcf	@	5.9136	per Mcf	@	0.5300	per Mcf

¹ All gas consumed by the customer (sales, transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

² DSM, PRP, SDR and R&D Riders may also apply, where applicable.

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DATE EFFECTIVE October 1, 2014
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ISSUED BY /s/ Mark A. Martin
SIGNATURE OF OFFICER

TITLE Vice President – Rates & Regulatory Affairs

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

**General Firm Sales Service
Rate G-1**

1. Applicable

Entire Service Area of The Company.

2. Availability of Service

Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company.

3. Net Monthly Rate

a) Base Charge

\$16.00 per meter for residential service
\$40.00 per meter for non-residential service

b) Distribution Charge

First ¹	300 Mcf @	\$1.3180 per 1,000 cubic feet
Next ¹	14,700 Mcf @	0.8800 per 1,000 cubic feet
Over	15,000 Mcf @	0.6200 per 1,000 cubic feet

c) Weather Normalization Adjustment.

d) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 15.

e) Demand Side Management Cost Recovery Mechanism (DSM), referenced on Sheet No. 36.

f) Research & Development Rider (R&D), referenced on Sheet No. 37.

g) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 39.

h) System Development Rider (SDR), referenced on Sheet No. 44

¹ All gas consumed by the customer (Sales and Transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

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

TITLE Vice President – Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION

(NAME OF UTILITY)

Interruptible Sales Service

Rate G-2

a) Revision of Delivery Volumes

The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

4. Net Monthly Rate

- a) Base Charge: \$350.00 per delivery point per month
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge and any Pipe Replacement Rider.
- b) Distribution Charge

High Priority Service

The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1".

Interruptible Service

Gas used per month in excess of the High Priority Service shall be billed as follows:

First¹ 15,000 Mcf \$0.7900 per 1,000 cubic feet
Over 15,000 Mcf 0.5300 per 1,000 cubic feet

- c) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 15
d) Research & Development Rider (R&D), referenced on Sheet No. 37.
e) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 39.
f) System Development Rider (SDR), referenced on Sheet No. 44.

¹ All gas consumed by the customer (Sales and Transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

DATE OF ISSUE August 1, 2014
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DATE EFFECTIVE October 1, 2014
Month/Date/Year

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

TITLE Vice President – Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

System Development Rider

SDR

Applicable:

Applicable to all customers receiving service under the Company's Rate Schedules G-1, G-2, T-3, and T-4.

Purpose:

This Rider is intended to encourage economic development and job growth by allowing the Company to recover operational expenses, capital expenditures or both associated with the expansion and/or improvement of infrastructure to existing and/or new service areas not otherwise feasible.

Summary:

The Company may expend up to \$5,000,000 in such projects on an annual basis pursuant to this tariff. In the event the Company determines such expenditures may exceed \$5,000,000 during any given year for such projects, advance approval for the incremental expenditures shall be subject to approval by the Kentucky Public Service Commission.

Calculation of System Development Rider Revenue Requirement:

The SDR revenue requirement includes the following:

1. SDR-related Plant In-Service not included in base gas rates minus the associated SDR-related accumulated depreciation and accumulated deferred income taxes;
2. Retirement and removal of plant related to SDR construction;
3. The rate of return on the net rate base will be the overall rate of return on capital authorized for the Company's Pipe Replacement Program Rider.
4. Depreciation expense on the SDR related Plant In-Service less retirements and removals.
5. Adjustment for ad valorem taxes.

DATE OF ISSUE August 1, 2014
MONTH / DATE / YEAR

DATE EFFECTIVE October 1, 2014
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ISSUED BY /s/ Mark A. Martin
SIGNATURE OF OFFICER

TITLE Vice President – Rates & Regulatory Affairs

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOUR TIRE SERVICE AREA

PSC KY NO. 2

FIRST REVISED SHEET NO. 43

CANCELLING PSC KY NO. 2

ORIGINAL SHEET NO. 43

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

System Development Rider
SDR

System Development Rates:

All customers receiving service under tariff Rate Schedules G-1, G-2, T-3, and T-4 shall be assessed an adjustment to their applicable rate schedule that will enable the Company to recover any capital expenditures related to economic development initiatives. The allocation to the applicable rate schedules will be in proportion to their relative base revenue share approved in the most recently approved general rate case.

The SDR will be filed on an as needed basis. The filing will reflect any infrastructure expenditures for the upcoming project as well as a balancing adjustment to keep prior filings in balance. Such adjustment to the Rider will become effective within sixty (60) days of filing and with meter readings on and after the first billing cycle of such month.

DATE OF ISSUE August 1, 2014
MONTH / DATE / YEAR

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ISSUED BY /s/ Mark A. Martin
SIGNATURE OF OFFICER

TITLE Vice President – Rates & Regulatory Affairs

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

System Development Rider				(N)
SDR				
System Development Rider Rates:				(T)
The charges for the respective gas service schedules for the revenue month beginning October 1, 2014 per billing period are:				
	<u>Monthly Base Charge</u>		<u>Distribution Charge per Mcf</u>	
Rate G-1 (Residential)	\$ 0.67		\$0.00	(N)
Rate G-1 (Non-Residential)	\$ 2.11		\$0.00	(N)
Rate G-2	\$13.09	1-15,000	\$0.0203 per 1000 cubic feet	(N)
		Over 15,000	\$0.0000 per 1000 cubic feet	(N)
Rate T-3	\$10.81	1-15,000	\$0.0219 per 1000 cubic feet	(N)
		Over 15,000	\$0.0147 per 1000 cubic feet	(N)
Rate T-4	\$10.32	1-300	\$0.0349 per 1000 cubic feet	(N)
		301-15,000	\$0.0233 per 1000 cubic feet	(N)
		Over 15,000	\$0.0164 per 1000 cubic feet	(N)

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ISSUED BY /s/ Mark A. Martin
SIGNATURE OF OFFICER

TITLE Vice President – Rates & Regulatory Affairs

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