

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR AN ORDER APPROVING)	CASE NO.
SYSTEM DEVELOPMENT RIDER)	2014-00275

ORDER

On July 31, 2014, Atmos Energy Corporation (“Atmos”) tendered for filing an application for approval of a System Development Rider (“SDR”). By letter dated August 11, 2014, the Commission notified Atmos that its application was rejected for filing based on deficiencies related to the requirements of 807 KAR 5:001, Section 16, Applications for General Adjustments of Existing Rates. At the request of Atmos, an informal conference was held on August 28, 2014, to discuss the filing deficiencies. On September 30, 2014, Atmos tendered for filing an amended SDR application which cured eight of the filing deficiencies identified in the August 11, 2014 letter. In the amended application, Atmos proposes that the SDR tariff become effective November 1, 2014. Also in its amended application, Atmos requested, pursuant to 807 KAR 5:001(22), a waiver from the following filing requirements and subparts of 807 KAR 5:001:

- Section 16(2), regarding written notice of intent to file a rate application being filed at least thirty (30) days, but not more than sixty (60) days, prior to application, with Notice stating whether the application will be supported by historical or a fully forecasted test period, and requiring that a copy of the notice of intent been served upon the Attorney General, either by electronic mail in a portable document format or mail.

Atmos requested waiver of this filing requirement based on its July 31, 2014 submission of its application, which Atmos stated provided the Commission and Attorney General of the intent of Atmos to seek this tariff change. Atmos is of the opinion that further notice would be duplicative.

- Section 16(4)(g), which requires analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.

Atmos requested a waiver from this requirement because the revenue from the proposed tariff recovers only the expense incurred in implementing the tariff, which is distributed among the classes as reflected in the tariff.

- Section 16(4)(h), which requires summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.

Atmos requested a waiver from this requirement because the revenue is based on the annual expense associated with each specific project that qualifies under the proposed tariff. Atmos states that there is no general increase in revenue.

- Section 16(4)(i), which requires reconciliation of rate base and capital used to determine revenue requirements.

Atmos requested a waiver from this requirement because rate base and capital are not used in calculating the revenue requirement for the proposed SDR.

- Section 16(4)(j), which requires a current chart of accounts if more detailed than the Uniform System of Accounts.

Atmos requested a waiver from this requirement because of the limited nature of the proposed tariff and the specific nature of the revenue adjustment.

- Section 16(4)(k), which requires an independent auditor's annual opinion report, with any written communication from auditor which indicates existence of material weakness in internal controls.
- Section 16(4)(l), which requires the most recent Federal Energy Regulatory Commission ("FERC") or Federal Communications Commission audit reports.
- Section 16(4)(m), the most recent FERC Form 2 (gas).

Atmos requested a waiver from this requirement because of the limited nature of the revenue impact of the proposed tariff.

- Section 16(4)(n), which requires a summary of the latest depreciation study with schedules by major plant account.

Atmos requested a waiver from this requirement because the proposed tariff rates are not based on plant in service.

- Section 16(4)(p), which requires prospectuses of the most recent stock or bond offerings.
- Section 16(4)(q), which requires the annual report to shareholders or members, and statistical supplements covering the two most recent years.
- Section 16(4)(s), which requires the Securities and Exchange Commission's annual report (Form 10-K) for most recent two years, any form 8-Ks issued within past two years, and Form 10-Qs issued during the past six quarters updated as current information becomes available.

Atmos requested a waiver from these requirements because of the limited nature of the proposed tariff and the revenue-neutral impact on the company's earnings.

- Section 16(4)(t), which requires detailed description of method of calculation and amounts allocated to utility by affiliate or general or home office, an explanation of how allocator for the test period was determined, and all facts relied upon to demonstrate that each amount charged was reasonable.

Atmos requested a waiver from this requirement because detailed information regarding allocation methods was provided to the Commission in Case No. 2013-00148.¹

- Section 16(4)(u), which requires a cost of service study.

Atmos requested a waiver from this requirement because of the limited nature of the proposed tariff and the revenue-neutral impact on the company's earnings.

- Section 16(5)(b), which requires the most recent capital construction budget for plant additions
- Section 16(5)(d), which requires an operating budget for the pro forma construction project.
- Section 16(5)(e), which requires the number of customers to be added to the test period.

Atmos requested a waiver from these requirements because no pro forma construction projects are involved in the application.

Based on a review of Atmos's amended SDR application, the Commission finds that:

1. The deficiencies in the application tendered by Atmos on August 1, 2014, are either cured by the information included in its October 1, 2014 amended application or subject to its request for a deviation.

2. Atmos has shown good cause to permit it to deviate from the filing requirements of 807 KAR 5:001, Sections 16(2), 16(4)(g)—(n), 16(4)(p), 16(4)(q), 16(4)(s)—(u), 16(5)(b), 16(5)(d), and 16(5)(e) due to the limited nature of its proposed tariff, the revenue-neutral impact on its earnings, and the detailed information pertinent to the filing requirements that was recently included in the record of Case No. 2013-

¹ Case No. 2013-00148, *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications*, submitted on May 13, 2013, and accepted for filing on June 24, 2013.

00148; therefore, its request for a waiver from these filing requirements should be granted.

3. KRS 278.180(1) requires Atmos to provide the Commission with 30 days' notice of any change in rates. Based on Atmos's amended application's acceptance for filing as of the date of this order, the earliest that Atmos's new rates and tariffs can be effective is November 14, 2014.

4. Additional inquiry is necessary to determine the tariff's reasonableness. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the effective date of the proposed rates for six months from November 14, 2014, up to and including May 13, 2015.

IT IS HEREBY ORDERED that:

1. Atmos's request for deviation from the filing requirements of 807 KAR 5:001, Sections 16(2), 16(4)(g)—(n), 16(4)(p), 16(4)(q), 16(4)(s)—(u), 16(5)(b), 16(5)(d), and 16(5)(e) is granted.

2. Atmos's application is accepted for filing as of the date of this Order.

3. Atmos's proposed SDR tariff is suspended for six months from its proposed effective date of November 15, 2014, up to and including May 14, 2015.

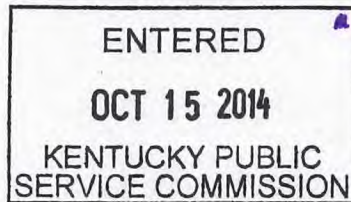
4. a. The information requested in Appendix A to this Order is due no later than 14 days from the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or 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 knowledge of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. A party 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 a party 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.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00275 DATED **OCT 15 2014**

1. Explain whether Atmos is aware of the Hopkinsville Water Environment Authority (“HWEA”) Request for Proposal involving a Natural Gas Main Extension as described in the documents and maps included in Appendix B.

2. Explain whether the project as described in the documents in Appendix B would duplicate the project for which Atmos intends to recover the costs through its proposed SDR.

3. State whether Atmos has communicated with any official representing the city of Hopkinsville regarding the projects referenced in the June 14, 2014 letter from the mayor of Hopkinsville discussed on page 5 of the Direct Testimony of Mark A. Martin since the receipt of that letter. If so, describe that communication and state whether Atmos believes that the city is still interested in Atmos’s pursuance of the project that was the subject of the mayor’s letter.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00275 DATED **OCT 15 2014**

Hopkinsville Water Environment Authority

401 East 9th Street • P.O. Box 628 • Hopkinsville, Kentucky 42241-0628

Derrick W. Watson
President & CEO



Phone (270) 887-4246
Fax (270) 887-4244



September 26, 2014

Mr. Jeff R. Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40601
T # 502-564-3940 - Ext. 2594

RECEIVED

SEP 29 2014
PUBLIC SERVICE
COMMISSION

ATTN: Mr. Kyle Willard, Pipeline Safety Branch

Re: Contract # 125-2014-04
Project B - 12" Natural Gas Main Project - Phase I - Tasks A - B - C - D
Contract Documents / Technical Specifications / Design Plans

Mr. Derouen;

Per the subject project, please find enclosed (1) copy of the subject documents.

If all goes as planned, we will award and commence this project within the next 60 days.

In closing, we trust this information is thorough and complete. If you should have any questions or comments, please contact Mr. David Blane, Director of Engineering / Construction / Distribution at T # (270) 887-4155 or dblane@hwea-ky.com.

Sincerely,

Derrick W. Watson
President & CEO

enclosures: (1) Copy - Con # 125-2014-04 - Contract Documents / Technical Specifications
(1) Copy - Con # 125-2014-04 - Design Plans - 11" x 17"

cc: David Blane, Director of Engineering / Construction / Distribution
John Ricketts, PE, URS Corporation
C:\file\ESA\ESA-2011-D\IPSC\09262014.LKW.docx

EXCELLENCE – INTEGRITY – COMMUNITY



**HOPKINSVILLE WATER ENVIRONMENT AUTHORITY
PROJECT B - 12" NATURAL GAS MAIN EXTENSION
(PHASE I - TASKS A / B / C / D)
CONTRACT # 125-2014-04
CHRISTIAN COUNTY, KENTUCKY**

RECEIVED

SEP 29 2014
PUBLIC SERVICE
COMMISSION



KENTUCKY STATE MAP



VICINITY MAP

URS

URS Corporation
1000 Corporate Centre Drive Suite 250
Franklin, TN 37067
Tel: (615) 771-2480
Fax: (615) 771-2459

GRW
engineering | architecture | geospatial



GRW AERIAL SURVEYS
801 CORPORATE DRIVE
LEXINGTON, KY 40503

AUGUST 28, 2014
URS PROJECT NUMBER 20500530

ISSUED FOR BID

GENERAL SHEETS	
TITLE	ISSUE DATE
COVER SHEET	08/28/14
GENERAL NOTES	08/28/14
INDEX	08/28/14

TASK A	
TITLE	ISSUE DATE
ALIGNMENT SHEET 1	08/28/14
ALIGNMENT SHEET 2	08/28/14
ALIGNMENT SHEET 3	08/28/14
ALIGNMENT SHEET 4	08/28/14
ALIGNMENT SHEET 5	08/28/14
ALIGNMENT SHEET 6	08/28/14
ALIGNMENT SHEET 7	08/28/14
ALIGNMENT SHEET 8	08/28/14
ALIGNMENT SHEET 9	08/28/14

TASK B	
TITLE	ISSUE DATE
ALIGNMENT SHEET 1	08/28/14
ALIGNMENT SHEET 2	08/28/14
ALIGNMENT SHEET 3	08/28/14
ALIGNMENT SHEET 4	08/28/14
ALIGNMENT SHEET 5	08/28/14

TASK C	
TITLE	ISSUE DATE
ALIGNMENT SHEET 1	08/28/14
ALIGNMENT SHEET 2	08/28/14
ALIGNMENT SHEET 3	08/28/14
ALIGNMENT SHEET 4	08/28/14
ALIGNMENT SHEET 5	08/28/14
ALIGNMENT SHEET 6	08/28/14
ALIGNMENT SHEET 7	08/28/14
ALIGNMENT SHEET 8	08/28/14
ALIGNMENT SHEET 9	08/28/14
ALIGNMENT SHEET 10	08/28/14
ALIGNMENT SHEET 11	08/28/14

TASK D	
TITLE	ISSUE DATE
LATERAL SHEET 1	08/28/14
LATERAL SHEET 2	08/28/14

CONSTRUCTION DETAILS	
TITLE	ISSUE DATE
DETAIL 1	08/28/14
DETAIL 2	08/28/14
DETAIL 3	08/28/14
DETAIL 4	08/28/14
DETAIL 5	08/28/14
DETAIL 6	08/28/14
DETAIL 7	08/28/14
DETAIL 8	08/28/14



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URS

HOPKINSVILLE WATER ENVIRONMENT AUTHORITY
NATURAL GAS MAIN

811
Know what's below
Call before you dig

INDEX

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