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OCT 28 2014

PUBLIC SERVICE  
COMMISSION

October 28, 2014

Jeff DeRouen  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

**RE: Case No. 2014-00275; System Development Rider (SDR) Application**

Dear Mr. DeRouen,

Atmos Energy Corporation (Company) herewith submits an original and ten copies of the Company's responses to the Commission Staff's first set of informational requests per the above referenced case. The Company's responses are in compliance with the Commission's Order dated October 15, 2014.

Please feel free to contact me at 270.685.8024 if you have any questions and/or need any additional information.

Sincerely,

A handwritten signature in blue ink that reads "Mark A. Martin".

Mark A. Martin  
Vice President – Rates & Regulatory Affairs

Enclosures

cc: Randy Hutchinson

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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

AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.

*Mark A. Martin*  
\_\_\_\_\_  
Mark A. Martin

STATE OF Kentucky

COUNTY OF Daviess

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 28<sup>TH</sup> day of October, 2014.

*Pearl Ann Simon*  
\_\_\_\_\_  
Notary Public  
My Commission Expires: Sept. 26, 2017

PEARL ANN SIMON  
NOTARY PUBLIC  
KENTUCKY, STATE AT LARGE  
MY COMMISSION EXPIRES 09-26-17  
NOTARY ID 496385

**Atmos Energy Corporation**  
**KSPC Initial Data Request Dated October 15, 2014**  
**Case No. 2014-00275**  
**Witness: Mark A. Martin**

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.

**RESPONSE:**

The Company became aware of the documents contained in Appendix B when it received the Commission's Order dated October 15<sup>th</sup> in this case.

**Atmos Energy Corporation**  
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**Witness: Mark A. Martin**

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.

**RESPONSE:**

The Company's current SDR proposal consisted of two primary components. First, the Company seeks approval of a SDR mechanism. Second, the Company proposed SDR rates to capture the costs for the projects outlined in the Mayor of Hopkinsville's letter of June 4, 2014 (the Mayor's Letter).

Regardless of any actions that HWEA may take, the Company believes that the SDR mechanism itself will add economic development value to the communities that we serve and, if approved, will be available for use as future opportunities arise. Subject to further review, it appears from the documents in Appendix B, the HWEA project would only cover a portion of the area outlined in our project.

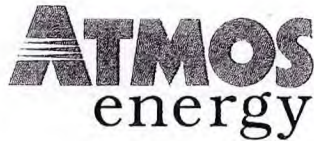


**Atmos Energy Corporation**  
**KSPC Initial Data Request Dated October 15, 2014**  
**Case No. 2014-00275**  
**Witness: Mark A. Martin**

3. State whether Atmos has communicated with any official representing the city of Hopkinsville regarding the projects referenced in the June 4, 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' pursuance of the project that was the subject of the mayor's letter.

**RESPONSE:**

The Company officially responded to the Mayor's Letter on July 30<sup>th</sup>. Attached is the Company's response. Also, on September 25<sup>th</sup>, local operations personnel met with the Mayor to discuss capital investment that the Company has made in and around Hopkinsville. During this meeting, the Company's SDR application was briefly mentioned. The Company has a second meeting with the Mayor and his designees for the 29<sup>th</sup> of October to discuss the SDR application and any other topics that the Mayor may want to discuss. Although, the Company has no reason to believe that the Mayor would not be supportive of the Company's SDR proposal, these responses will be supplemented following the October 29<sup>th</sup> meeting with the Mayor. If approved, the Company would have a mechanism that could not only assist economic development opportunities in Hopkinsville, but also other economic development projects that may present themselves in the future.



July 31, 2014

**OVERNIGHT DELIVERY**

J. Daniel Kemp  
Mayor  
City of Hopkinsville  
101 N. Main Street  
Hopkinsville, Kentucky 42240

RE: Response to Notice of Request

Dear Mayor Kemp:

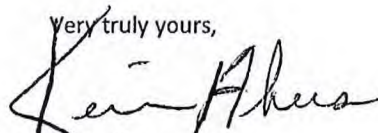
Thank you for your letter of June 4, 2014, in which the City of Hopkinsville ("City"), pursuant to the provisions of Section 3.5 of our Franchise Agreement, requested Atmos to extend its natural gas distribution system to two unserved areas: (i) the South Park Industrial Park and (ii) south along Ft. Campbell Blvd. from South Park to the city limits of Hopkinsville just north of I-24 ("Request").

Atmos has given careful consideration to your Request. Based on the estimated annual demand provided to the City "by entities likely to be served along the route", the requested extension is currently not economical to Atmos.

However, we remain committed to working with you and the City to seize the opportunities referenced in your Request. To that end, Atmos has filed with the Kentucky Public Service Commission (KPSC) an Application for an order approving a System Development Rider ("SDR"). We are attaching a copy of our filed Application. Please note that Atmos has requested expedited review of our Application and upon approval of this Application by the KPSC, Atmos will be able to begin the process for extending our system to the two areas referenced in your Request. Although there are no statutory or regulatory deadlines imposed on the KPSC to make a determination in this type of filing, Atmos will use its best efforts to expedite this proceeding. This project provides a compelling reason for the KPSC to approve our proposed SDR and we are optimistic it will be favorably received. We certainly solicit your support of our Application.

Your letter indicates that time is of the essence and requests that Atmos "...strictly adhere to the timelines set forth in the Franchise Agreement". Atmos is complying with the sixty (60) day requirement by this letter of response. We again draw your attention to the fact that Atmos has requested expedited review of our Application from the KPSC. However, we cannot anticipate when a ruling may occur. If approved by the KPSC, please understand that a project of this magnitude will require ample time to design, permit, construct and place into service.

We look forward to meeting personally with you and other representatives of the City to further discuss this project and any details you may have regarding the project.

Very truly yours,  
  
Kevin Akers