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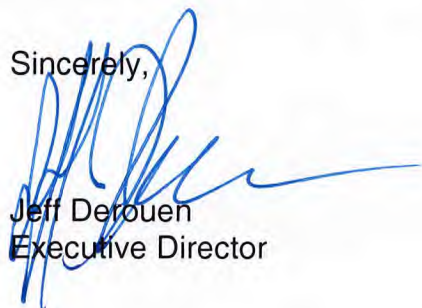
November 19, 2014

PARTIES OF RECORD

Re: Case No. 2014-00275
Application of Atmos Energy Corporation for an Order Approving System
Development Rider

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Staff Attorney Virginia Gregg at 502-782-2584.

Sincerely,



Jeff Derouen
Executive Director

VG
Attachments

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Virginia Gregg, Staff Attorney

DATE: November 19, 2014

RE: Case No. 2014-00275
Application of Atmos Energy Corporation for an
Order Approving System Development Rider

On November 13, 2014, a telephonic Informal Conference ("IC") was conducted at the Commission Offices in Frankfort, Kentucky. In attendance at the Commission Offices were members of Commission staff ("Staff") and counsel for Atmos Energy Corporation ("Atmos"), while other Atmos representatives participated by phone. A list of the attendees is attached hereto as "Attachment A".

The IC was scheduled by Staff to discuss the questions attached to this IC memo as "Attachment B." Atmos provided verbal responses to the questions during the IC, and will provide written responses no later than December 5, 2014. During the IC, Atmos confirmed that it is no longer planning to invest in the two Hopkinsville projects that were the subject of the June 4, 2014 letter from the Mayor of Hopkinsville to Atmos and the investment in which Atmos had proposed to recover through the proposed System Development Rider tariff.

There being no further discussions, the conference was then adjourned.

Attachments

ATTACHMENT A

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

November 13, 2014

Please sign in:

NAME	REPRESENTING
<i>Leah Faulkner</i>	<i>PSC / FA</i>
<i>Jack Kuyper</i>	<i>Atmos</i>
<i>Mark Martin</i>	<i>Atmos - Telephone</i>
<i>Kevin Allen</i>	<i>"</i>
<i>Gary Smith</i>	<i>"</i>
<i>Randy Hutchins</i>	<i>"</i>
<i>JEFF SHAW</i>	<i>PSC - FA</i>
<i>TIM LIVERS</i>	<i>"</i>
<i>Jason Hurt</i>	<i>PSC - Engr.</i>
<i>JAMES RICE</i>	<i>"</i>
<i>GARY GLOVER</i>	<i>PSC ENGR</i>
<i>Virginia Duggs</i>	<i>PSC - Legal</i>

ATTACHMENT B

Case No. 2014-00275

Questions for Telephonic Informal Conference Request for Information

1. Refer to the Atmos Mississippi Supplemental Growth Rider (“SGR”) Tariff and Summary and the Virginia NEED legislation filed with Atmos’s response to Hearing DR Set No. 1, Item 11, in Case No. 2013-00148.

a. Confirm that the Atmos Mississippi SGR tariff’s General Provision 1 provides for the Mississippi Development Authority, the Commission, and Commission Staff to be consulted in the selection process for projects subject to investment recovery through the SGR tariff. Explain why such a provision was not included in Atmos Kentucky’s proposed tariff.

b. Confirm that General Provision 3 of the Atmos Mississippi SGR tariff includes a requirement that actual project revenues generated from the SGR investment over the prior 12 months be used to offset the SGR revenue requirement. Confirm also that the Virginia NEED statute requires that eligible infrastructure development costs for a qualifying project be reduced by the non-gas base revenue received from providing sales or transportation service to the customer occupying the qualifying project and from any other customer served directly from the eligible infrastructure. Explain why such a provision was not included in Atmos Kentucky’s proposed tariff.

c. Confirm that General Provision 9 of the SGR Tariff requires Atmos Mississippi to “include all support and documentation necessary to evaluate each of the previous year’s projects, including but not limited to a description of each project (its genesis, scope, potential customers, economic impact, MDA evaluation, etc.) and a

consistently applied and appropriate model of economic evaluation (e.g. Net Present Value analysis)...supporting documentation for all projections, where applicable, and for all revenues, investments and expenses included in the calculation of its actual revenue requirement...also...the most current approved ROE's for Atmos' other Divisions." Explain why such a provision was not included in Atmos Kentucky's proposed tariff.

d. Confirm that, according to the Summary of the SGR Tariff, the SGR is a five-year pilot tariff.

e. Confirm that the Virginia NEED statute requires that the gas utility receive a binding commitment, prior to the initiation of service, for a level of service of at least 50 percent of the capacity of the proposed facilities for a period of at least five years, or for a financial guaranty of at least 50 percent of the gas utility's estimated investment in the proposed project. Explain why such a provision was not included in Atmos Kentucky's proposed tariff.

2. Refer to the proposed System Development Rider ("SDR") Tariffs filed in Atmos's July 31, 2014 Application and in its October 1, 2014 Amended Application. The First Revised Sheet No. 42, Purpose section contains an additional sentence in the Amended Application: "The Company can only use this Rider for announced projects and those projects must be accompanied by an increase in jobs." Explain the addition of this sentence to Atmos's tariff, and how it is expected to impact Atmos's use of the SDR.

3. Confirm that First Revised Sheet No. 43 is missing from the Amended Application, and state whether Atmos proposes any change in that tariff sheet from that filed in the original Application.

4. Refer to First Revised Sheet No. 43 filed in the original Application, and to page 8, lines 10 through 12 of the Testimony of Mark Martin ("Martin Testimony") filed in the amended Application. Explain why it is reasonable to allocate the SDR revenue requirement to the customer classes based on relative revenue share of the most recent general rate case, thus assigning the greatest assumed benefit to residential customers.

5. Refer to Atmos's updated response to Item 3 of Staff's First Request, filed November 10, 2014.

a. Explain whether Atmos is still proposing the rates included in its application, or any rates. If so, state what rates Atmos is now proposing and the basis of those rates.

b. Explain whether Atmos is familiar with Columbia Gas of Kentucky's Intrastate Utility Service, pursuant to which Columbia provides sales and transportation services to local distribution companies ("LDC") connected to its system, for re-sale to those LDCs' customers.

6. Refer to Atmos' response to Item 2 of Staff's First Request for information. Based on Atmos' meeting with the Mayor of Hopkinsville on October 29, 2014, please identify, if any, the areas over which Atmos' project, described in Appendix B of its Application, are not covered by the HWEA project.