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PUBLIC SERVICE
COMMISSION

January 27, 2015

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 supplemental response 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

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PUBLIC SERVICE
COMMISSION


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 supplemental response to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.




Mark A. Martin

STATE OF Kentucky

COUNTY OF Daviess

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 26th day of January, 2015.

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



Notary Public - State of Kentucky at Large
My Commission Expires: September 26, 2017

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.

SUPPLEMENTAL RESPONSE:

While the Company is still considering and evaluating offering a sale for resale service, the Company believes that any such type of request should be made in a separate filing and that the Company's proposed SDR mechanism would add economic development value to the communities that it serves. With that being said, the Company still has questions on how the Federal Energy Regulatory Commission (FERC) would view the flow of gas across state lines. In an effort to clarify the potential situation, the Company filed a request on January 22, 2015 with FERC's Office of General Council. The Company's request was for a No Action Letter in which FERC's Office of General Council would not recommend that FERC take enforcement action against the Company because the ultimate flow of gas to Fort Campbell would not subject the Company to FERC's jurisdiction under the Natural Gas Act ("NGA"). The Company has asked for a response on or before June 1, 2015. The Company is providing this supplemental response in an effort to complete the record.

UPDATED RESPONSE:

On October 29th, the Company met with the following individuals: Mayor Dan Kemp (City of Hopkinsville), Nate Pagan (City Administrator for the City of Hopkinsville), Derrick Watson (President & CEO of HWEA), and Mark Linkous (Fort Campbell).

At this meeting Mr. Watson outlined two projects that HWEA would be undertaking. The first project would be to construct a natural gas line from Fort Campbell to South Park Industrial Park (South Park). This project is scheduled to be completed in 2015 in order to serve Altria/US Smokeless Tobacco (UST) who is constructing facilities within South Park. Natural gas supply would flow from the City of Clarksville's system to and through Fort Campbell's system to HWEA's line and ultimately to UST. The second project, outlined by Mr. Watson, would be for HWEA to extend their distribution system north and interconnect into Atmos' distribution system. HWEA/City of Hopkinsville desire to interconnect with Atmos' distribution system in order to reverse the flow of supply along HWEA's first project to serve UST, Fort Campbell and other facilities that may locate between Atmos' current infrastructure and Fort Campbell plus any other unserved areas. As part of this second project, HWEA and their consultant, URS Corporation, will be providing a redundant connection for natural gas supply to Fort Campbell. This project is scheduled to be completed within 26 months. Attached are details of both HWEA projects that were provided to the Company as well as correspondence from HWEA seeking to connect to our distribution system.

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The Company explained its current SDR application; its past SDR applications and its desire to help the communities that it serves grow and prosper through economic development initiatives. The Mayor appreciated our efforts, but told the Company that the projects that were outlined in his June 4th letter were no longer needed due to the contractual arrangements that HWEA/City of Hopkinsville have entered into with Fort Campbell. The Company explained that its current tariffs do not allow for the type of service, sale for resale, that HWEA/City of Hopkinsville were seeking. The Company also explained that it had no knowledge of the Commission's views on sale for resale service or if any other local distribution company in Kentucky offered such service. The Company does not want to confuse its current SDR application with any discussion concerning HWEA's request for sale for resale service.

As stated in our response to #2, 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. Also, Build-Ready, a program launched by the Kentucky Cabinet for Economic Development in September 2014, is intended to give Kentucky communities an advantage in attracting new business and creating more jobs. Requirements of the Build Ready program include having necessary utility infrastructure in place.

RESPONSE:

The Company officially responded to the Mayor's Letter on July 30th. Attached is the Company's response. Also, on September 25th, 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 29th 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 29th 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.