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PUBLIC SERVICE
COMMISSION

December 9, 2015

Honorable Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Subject: Case No. 2015-00298

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original and eight (8) copies of the Company's responses to the Commission Staff's Initial Requests for Information in the above referenced case. The responses to questions 2b and 2c contain CONFIDENTIAL information and will be filed with a petition of confidentiality.

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

Enclosure

cc: Randy Hutchinson
Becky Buchanan

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

REQUEST OF ATMOS ENERGY CORPORATION)
FOR MODIFICATION AND EXTENSION OF IT'S GAS) CASE NO.
COST ADJUSTMENTPERFORMANCE BASED) 2015-00298
RATEMAKING ADJUSTMENT)

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

STATE OF Kentucky

COUNTY OF Daviess

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 8TH day of December, 2015.

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



Notary Public - State of KY at Large
My Commission Expires: Sept. 26, 2017
Notary ID: 496385

Atmos Energy Corporation
KPSC Initial Data Request Dated November 20, 2015
Case No. 2015-00298
Witness: Mark A. Martin

1. Refer to the Application, Tab 1, page 2, where Atmos references savings attributable to the Performance Based Ratemaking mechanism ("PBR") of \$23,503,375 for June 2011 through May 2015. Also refer to the Application, Tab 2, page 6, where Atmos references PBR savings of \$23,611,248 for the same period. State which amount is correct and explain the reason for the differing amounts.

RESPONSE:

The Company apologizes for the confusion created by the two different amounts. The \$23,611,248 listed on page 6 of Tab 2 of the Application is the correct amount. The amount listed on page 2 of Tab 1 was a draft amount and unfortunately was not updated prior to filing the Application.

Atmos Energy Corporation
KPSC Initial Data Request Dated November 20, 2015
Case No. 2015-00298
Witness: Mark A. Martin

2. Refer to the Application, Tab 4, the proposed PBR tariff.
 - a. Explain the reason for the proposed change to the SAISL index calculations from the average of the daily high and low of *Gas Daily* postings to the midpoint of the *Gas Daily* postings.
 - b. For the 12 most recent calendar months, provide calculations of the SAISL index using the average of the daily high and low *Gas Daily* postings.
 - c. For the 12 most recent calendar months, provide calculations of the SAISL index using the midpoint of the *Gas Daily* postings.
 - d. Explain the reason for the proposed change to the DAISL index calculations from the average of the daily high and low of *Gas Daily* posting to the midpoint of the *Gas Daily* postings.
 - e. For the 12 most recent calendar months, provide calculations for the DAISL index using the average of the daily high and low *Gas Daily* postings.
 - f. For the 12 most recent calendar months, provide calculations of the DAISL index using the midpoint of the *Gas Daily* postings.

RESPONSE:

- a. The reason for changing the Supply Area index factor for Swing Load (SAISL) calculation from the average of the Gas Daily high and low posting to the Gas Daily midpoint is for accuracy and efficiency. The Gas Daily midpoint is a volume weighted average, and, as such, is a statistically superior index for the assessment of market price indicators (as compared to the simple average of a high price and a low price, which is not volume weighted). Here is an excerpt from Platts North American Natural Gas Methodology and Specifications Guide explaining the three price components published in Platts Gas Daily "Daily Price Survey":

"For the daily market, Platts publishes three price components: the midpoint (the volume-weighted average), the common range and the absolute range. The daily midpoint, commonly called the GDA (Gas Daily average), is the volume-weighted average of all the transactions reported to Platts that are used to calculate the index for each point. The absolute range shows the absolute low and high of deals reported, excluding outliers that are not used (see section below on outliers). The common range is 50% of the absolute range and is built around the midpoint. Platts publishes prices to three decimal places for ranges and the midpoint, rounded to the nearest half-cent."

Platts Gas Daily indices are based upon trade data reported to Platts by market participants. The indices are calculated using detailed transaction level data from these providers. Platts' editors screen the data for outliers that may be further examined and potentially removed. A volume weighted average is then calculated from the remaining set of data. For more details on this methodology, please see Platts North American Natural Gas Methodology and Specifications Guide on Platts.com, located at:

http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na_gas_methodology.pdf

Also, the Gas Daily midpoint is a daily published price that Atmos downloads electronically from Platts. This method of capturing price data is accurate and efficient. Platt's does not calculate an "average" of the daily high and low, therefore that is a manual calculation by Atmos which may be more subject to clerical error and less efficient than electronic download. The calculations provided in response to parts 2(b) and 2(c) will illustrate that there is only a slight variation in the results of using the simple average and the weighted midpoint, however because the data for midpoint can be downloaded directly from Platts, this is preferred to a manual calculation. And as mentioned above, the volume weighted midpoint price is statistically superior to a simple non-weighted average of the high and low price.

- b. Please see the attached CONFIDENTIAL schedules by pipeline for the twelve months ended October 31, 2015 which provide the SAISL index calculation using the simple average of the Platt's published Gas Daily daily high and low prices. This is copyright protected data, propriety to Platts, and may not be reproduced or distributed other than in the context of this data request response.
- c. Please see the attached CONFIDENTIAL schedules by pipeline for the twelve months ended October 31, 2015 which provide the SAISL index calculation using the simple average of the Platt's published Gas Daily daily midpoint prices. This is copyright protected data, propriety to Platts, and may not be reproduced or distributed other than in the context of this data request response.
- d. Please refer to the response to a. for the rationale on using the midpoint rather than the average of the high and low.
- e. The only difference between SAISL and DAISL is that DAISL refers to indices used for pricing of incremental delivered supply transactions. Atmos had no incremental delivered supply transactions for the twelve months ended October 31, 2015.
- f. Please refer to the response to e.

KY INCREMENTAL PURCHASES FOR THE PERIOD November 1, 2014 - October 31, 2015

Yellow Highlight denotes weekends and holidays.

TEXAS GAS

Index Point used: GDD TGT ZN 1

	<u>Low*</u>	<u>High*</u>	SAISL <u>Avg</u>	SAISL <u>Midpoint*</u>
11/12/2014				
11/13/2014				
11/14/2014				
11/15/2014				
11/16/2014				
11/17/2014				
11/18/2014				
11/19/2014				
11/20/2014				
11/21/2014				
11/25/2014				
11/26/2014				
11/27/2014				
11/28/2014				
11/29/2014				
11/30/2014				
TOTAL				
12/31/2014				
TOTAL				
01/03/2015				
01/04/2015				
01/05/2015				
01/06/2015				
01/07/2015				
01/08/2015				
01/09/2015				
01/10/2015				
01/11/2015				
01/12/2015				
01/13/2015				
TOTAL				
02/01/2015				
02/02/2015				
02/12/2015				
02/13/2015				
02/14/2015				
02/15/2015				
02/16/2015				
02/17/2015				

02/18/2015
02/19/2015
02/20/2015
02/21/2015
02/22/2015
02/23/2015
02/24/2015
02/25/2015
02/26/2015
02/27/2015
02/28/2015
TOTAL



03/01/2015
03/02/2015
03/04/2015
03/05/2015
03/06/2015
TOTAL



10/16/2015
10/17/2015
10/18/2015
10/19/2015
TOTAL



*Source of High Low and Midpoint is the Platts, McGraw Hill Financial, Gas Daily Price Guide.

Platts considers this to be proprietary data, with use restricted to licensed "Authorized Users." Atmos, as a regulated entity, may provide this data to regulatory authorities only in the context of audits or reviews such as Case No 2015-00298. Platts data may not be published, reproduced or otherwise distributed; and in recognition of the restriction, DR is marked CONFIDENTIAL.

KY INCREMENTAL PURCHASES FOR THE PERIOD November 1, 2014 - October 31, 2015

Yellow Highlight denotes weekends and holidays.

ANR

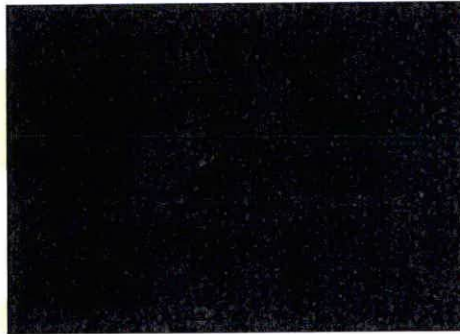
Index Point used: GDD Henry Hub

	<u>Low*</u>	<u>High*</u>	SAISL <u>Avg</u>	SAISL <u>Midpoint*</u>
11/12/2014				
11/13/2014				
11/14/2014				
11/15/2014				
11/16/2014				
11/17/2014				
11/18/2014				
11/19/2014				
11/20/2014				
11/21/2014				
11/22/2014				
11/23/2014				
11/24/2014				
11/25/2014				
11/26/2014				
11/27/2014				
11/28/2014				
11/29/2014				
11/30/2014				

01/07/2015				
01/08/2015				
01/09/2015				
01/10/2015				
01/11/2015				
01/12/2015				
01/13/2015				
01/14/2015				
01/30/2015				
01/31/2015				

02/01/2015				
02/02/2015				
02/12/2015				
02/13/2015				
02/14/2015				
02/15/2015				
02/16/2015				
02/17/2015				
02/18/2015				

02/19/2015
02/20/2015
02/21/2015
02/22/2015
02/23/2015
02/24/2015
02/25/2015
02/26/2015
02/27/2015
02/28/2015



03/01/2015
03/02/2015
03/04/2015
03/05/2015
03/06/2015



*Source of High Low and Midpoint is the Platts, McGraw Hill Financial, Gas Daily Price Guide.

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KY INCREMENTAL PURCHASES FOR THE PERIOD November 1, 2014 - October 31, 2015

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Trunkline

Index Point used: **GDD ZN 1A**

	<u>Low*</u>	<u>High*</u>	SAISL <u>Avg</u>	SAISL <u>Midpoint*</u>
11/12/2014				
11/13/2014				
11/14/2014				
11/15/2014				
11/16/2014				
11/17/2014				
11/18/2014				
11/19/2014				
11/20/2014				
11/21/2014				
11/25/2014				
11/26/2014				
11/27/2014				
11/28/2014				
11/29/2014				
11/30/2014				
TOTAL				

12/31/2014				
TOTAL				

01/03/2015				
01/04/2015				
01/05/2015				
01/06/2015				
01/07/2015				
01/08/2015				
01/09/2015				
01/10/2015				
01/11/2015				
01/12/2015				
01/13/2015				
01/14/2015				
TOTAL				

02/01/2015				
02/02/2015				
02/12/2015				
02/13/2015				
02/14/2015				

02/15/2015	
02/16/2015	
02/17/2015	
02/18/2015	
02/19/2015	
02/20/2015	
02/21/2015	
02/22/2015	
02/23/2015	
02/24/2015	
02/25/2015	
02/26/2015	
02/27/2015	
02/28/2015	
TOTAL	

03/01/2015	
03/02/2015	
03/04/2015	
03/05/2015	
03/06/2015	
TOTAL	

10/16/2015	
10/17/2015	
10/18/2015	
10/19/2015	
TOTAL	

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KY INCREMENTAL PURCHASES FOR THE PERIOD November 1, 2014 - October 31, 2015

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Tennessee Gas Pipeline

Index Point used: GDD TGP La 500 Leg

	Low*	High*	SAISL	Midpoint*
11/12/2014				
11/13/2014				
11/14/2014				
11/15/2014				
11/16/2014				
11/17/2014				
11/18/2014				
11/19/2014				
11/20/2014				
11/21/2014				
11/22/2014				
11/23/2014				
11/24/2014				
11/25/2014				
11/26/2014				
11/27/2014				
11/28/2014				
11/29/2014				
11/30/2014				
TOTAL				

01/06/2015				
01/07/2015				
01/08/2015				
01/09/2015				
01/23/2015				
01/24/2015				
01/25/2015				
01/26/2015				
01/27/2015				
01/28/2015				
01/29/2015				
01/30/2015				
01/31/2015				
TOTAL				

02/12/2015				
02/13/2015				
02/14/2015				
02/15/2015				
02/16/2015				

02/17/2015	
02/18/2015	
02/19/2015	
02/20/2015	
02/21/2015	
02/22/2015	
02/23/2015	
02/24/2015	
02/25/2015	
02/26/2015	
02/27/2015	
02/28/2015	
TOTAL	

03/04/2015	
03/05/2015	
03/06/2015	
03/26/2015	
03/27/2015	
TOTAL	

10/16/2015	
10/17/2015	
10/18/2015	
10/19/2015	
TOTAL	

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but must do so in a manner that safeguards the Data's proprietary and confidential nature.

Atmos respectively submits that the Data contained in its responses to Staff DR 2 b. and c. is proprietary and confidential, is contractually protected and its public disclosure may be prohibited by federal law or regulation.

WHEREFORE, Atmos petitions the Commission to treat as confidential the Data contained in its response to DR 2 b. and c. Atmos requests that the information be maintained confidential for an indefinite period as the limits and restrictions contained in the attached **EXHIBIT A** and in the License Agreement contain no sunset provisions.

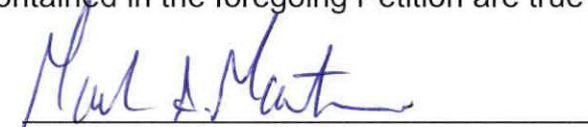
Respectfully submitted this 9TH day of December, 2015.

Mark R. Hutchinson
WILSON, HUTCHINSON AND
LITTLEPAGE
611 Frederica Street
Owensboro, Kentucky 42301
randy@whplawfirm.com

By:  _____

VERIFICATION

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



Mark A. Martin

CERTIFICATE OF SERVICE

I hereby certify that on the 9TH day of December, 2015 the original of this Petition, with the Confidential information for which confidential treatment is sought, together with eight (8) copies of the Petition without the confidential information, were filed with the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602, by hand delivery.

Mal R. Hutchinson (MAM)

EXHIBIT A



GAS DAILY MARKET FUNDAMENTALS

Volume 3 / Issue 236 / December 9, 2015

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