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PUBLIC SERVICE
COMMISSION

March 2, 2016

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 Second Requests for Information in the above referenced case.

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


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 second request for information are true and correct to the best of his knowledge and belief.

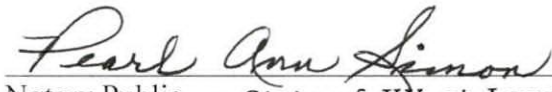


 Mark A. Martin

STATE OF Kentucky

COUNTY OF Daviess

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 2nd day of March, 2016.



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

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

Atmos Energy Corporation
KPSC Second Data Request Dated February 15, 2016
Case No. 2015-00298
Witness: Mark A. Martin

1. Refer to the Application, Tab 4, First Revised Sheet No. 22 of Atmos's Performance Based Rate Mechanism ("PBR") tariff.
 - a. Provide a detailed explanation of the changes to the Delivery Area Index factor for Base Load ("DAIBL") as set out in the calculations of I(1) and I(2).
 - b. Explain why there is no specific index or indices indicated for the calculation of I(2).
 - c. Provide specific indices to be used for all possibilities of "the delivered supply" in the calculation of I(2).
 - d. Explain the frequency with which the DAIBL is calculated for the purposed of the PBR.

RESPONSE:

- a. On revised Sheet No. 22, for the Delivery Area Index Factor for Base Load ("DAIBL"), the proposed change to I(1) is purely an administrative correction. The change to this item was originally approved in Case No. 2010-00353, where the Commission ordered "*The benchmark calculations for the SAIBL and DAIBL should be modified to eliminate Natural Gas Week and Gas Daily as proposed by Atmos.*" Even though Sheet No. 22 had incorrect references, the Company's calculations have been in compliance with the Commission's Final Order in Case No. 2010-00353. As currently reflected on Sheet No. 22, I(1) referenced Gas Daily, which is a daily Swing Load price index, and, as recognized in the Commission's Order, Gas Daily is not related to Base Load calculations. The correct Base Load price components are "New York Mercantile Exchange" and "Inside FERC" (in comparison, one may look at Sheet No. 20, I(1) and I(2), where the Base Load indices have been properly identified as "Inside FERC" and "New York Mercantile Exchange"). In the current Sheet No. 22, "Inside FERC" is properly reflected in I(2); however, I(2) incorrectly refers to "*Prices of Spot Gas delivered to Pipeline for Dominion Transmission Inc. Appalachia*". "Spot gas" is a Daily market purchase for Swing Load; as such it is incorrect terminology for the Base Load calculations in DAIBL. The proposed change removes the "Gas Daily" reference from I(1) and replaces it with the correct reference to "New York Mercantile Exchange". The proposed change removes the "Spot Gas" reference from I(2). Finally, I(2) has been revised to recognize that the appropriate "Inside FERC" benchmark index is that which is most closely associated with the delivery service offered by the supplier, which is not necessarily Dominion Appalachia. See the response to 1(b) and 1(c) below for

further discussion. With the inclusion on ANR, all the potential delivery services areas are now listed on Sheet No. 22.

- b. On revised Sheet No. 22, the specific "Inside FERC" indices for I(2) are referenced by association with the list of all potential Kentucky delivery service areas, which are listed immediately above I(1) on Sheet No. 22 as follows: "DAIBL (TGT-2, 3, &4), (TGPL-2), (TGC-1B), and (ANR-LA)." The Company currently and historically has one delivery service, which utilizes the "Inside FERC" index "ANR-LA". The other delivery service areas newly listed on Sheet No. 22 are there only as a place holder for possible future supply transactions. We do not anticipate the need for any such delivery services beyond the ANR delivery service in the current supply and asset management agreement. By referencing all the Kentucky delivery areas in DAIBL Sheet No. 22 now, we hope to lessen the administrative costs by avoiding the need to revise the tariff language in the future.
- c. Please refer to 1(b) above. We have identified and listed all the potential delivery service areas on Sheet No. 22. With the exception of ANR-LA, we do not have and do not anticipate having any other such services. Many of these delivery areas do not experience enough trading to provide for their own unique market index trading point on the Inside FERC Gas Market Report. If, in the future, the Company were to develop a need for a delivery service to one of the Kentucky delivery service areas listed, the gas supply contract for that service will specifically identify the Inside FERC index trading point. For now, all we can do is list all the potential delivered service areas on Sheet No. 22.
- d. As explained in the response to DR 1(b), the Company currently and historically has one delivery service utilizing the index point ANR-LA. The Company makes summer purchases using this delivery service and point; the DAIBL is calculated monthly for that purpose in the PBR.

Atmos Energy Corporation
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2. Explain why Atmos proposes to remove the word "Experimental" from the title of the PBR tariff.

RESPONSE:

The Company proposed the removal of the word "Experimental" from the title of the PBR tariff for a few reasons. First, the Company's PBR program has been in existence since 1998. Second, the Company's PBR program has generated savings in excess of \$65 million through May 2015, with the majority of those savings going to customers. Also, the Company has used the KY PBR program as a model in other jurisdictions due to the success of the KY PBR. For all of those reasons, the Company felt that the word "Experimental" was no longer needed as the program has proved its worth and met its intent.