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James W. Gardner
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Commissioner

March 1, 2016

PARTIES OF RECORD

Re: Case No. 2016-0053
Application of WKG Storage, Inc. for an Adjustment of Rates for Small Utilities
Pursuant to 807 KAR 5:076

Attached is a copy of a 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 memorandum please do so within five days of receipt of this letter.

If you have any questions, please contact Virginia Gregg, Commission Staff Attorney, at 502-782-2584.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie Bell".

James W. Gardner
Acting Executive Director

VG/ph

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Virginia Gregg, Staff Attorney

DATE: February 26, 2016

RE: Case No. 2016-00053
Application of WKG Storage, Inc. for an Adjustment of Rates
For Small Utilities Pursuant to 807 KAR 5:076

On February 16, 2016, an informal telephonic conference ("IC") was conducted at the Commission's office in Frankfort, Kentucky. A list of the attendees is attached hereto.

The purpose of the conference was to discuss several issues in the above case, including the status of certain filing deficiencies in WKG Storage, Inc.'s ("WKG") application for an adjustment of rates, which it submitted on January 21, 2016. WKG tendered its application under 807 KAR 5:076, which contains the Commission's Alternative Rate Filing ("ARF") procedure for small utilities. By letter dated January 29, 2016, Commission Staff ("Staff") notified WKG that its application was rejected for filing, listed the deficiencies, and instructed WKG to provide additional information within 10 days. On February 3, 2016, WKG submitted a response to the filing deficiency letter, as well as a motion for reconsideration and a motion for an enlargement of time.

In response to Staff questions regarding the test year intended to be used, WKG stated that it was going to use calendar year 2015 as its historical test year. WKG proposed in its application to use fiscal year ending June 30, 2015, as its test year but Staff informed WKG that the application would need to be based on a calendar year to be consistent with the ARF regulation. WKG stated that it was in the process of obtaining the additional information and that it should be available by February 18, 2016. Staff further discussed that the Commission required three years of data when considering an application filed pursuant to its ARF procedure, and that this requirement is generally met through annual reports filed with the Commission, but that because WKG is considered a transmission company it is not required to file annual reports. Staff confirmed, however, that there was sufficient information contained in WKG's application to satisfy this requirement for calendar years 2013, and 2014, and that once WKG submitted the calendar year 2015 data, this requirement would be satisfied. Also

discussed was the cost of service, which WKG stated was being updated from the fiscal year ending June 30, 2015, to calendar year 2015.

Also discussed was WKG's affiliation with Atmos Energy Corporation ("Atmos"), which is WKG's only customer. Representatives from both WKG and Atmos were participants in the informal teleconference; Kevin Frank stated that in this matter he is representing only WKG. Doug Walther, deputy general counsel for Atmos, also participated in this teleconference, and stated that Atmos was considering whether to request intervention in this case. Both WKG and Atmos representatives confirmed that the two companies share the location of their headquarters and some personnel features.

Staff reviewed the statutory timeframe for the Commission to process ARF applications, pursuant to 807 KAR 5:076, and emphasized that this timeframe will begin to run when the filing deficiencies in WKG's application are satisfied.

The conference was then adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WKG STORAGE, INC. FOR
RATE ADJUSTMENT FOR SMALL UTILITIES
PURSUANT TO 807 KAR 5:076

)
) CASE NO.
) 2016-00053
)

Informal Conference – February 16, 2016

Please sign in:

NAME

REPRESENTING

<i>T. Tommy Littlepage</i>	<i>Atty - WKG</i>	<i>} via phone</i>
<i>Kevin Frank</i>	<i>Atty - Atmos</i>	
<i>Doug Walter</i>	<i>Depd - Atmos</i>	
<i>Virginia Gregg</i>	<i>Legal - PSC</i>	
<i>Gary Glover</i>	<i>Eng</i>	
<i>Jennifer Fell</i>	<i>PSC - Legal</i>	
<i>Tim Livers</i>	<i>PSC - Financial Analysis</i>	
<i>Bob Russell</i>	<i>PSC FA</i>	
<i>John Park</i>	<i>PSC Legal</i>	
<i>Matthew Baer</i>	<i>PSC - FA</i>	
<i>Jeff Shaw</i>	<i>PSC - FA</i>	

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