



April 29, 2015

RECEIVED

APR 30 2015

PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

Subject: KPSC Case No. 2012-00440  
2014-2015 Final Hedge Report

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original non re-dacted and ten (10) re-dacted copies of the final hedge report pursuant to the Ordering Paragraph 2 of the Commission's Order dated March 28, 2013 in the above referenced proceeding. Exhibits A-C are CONFIDENTIAL and will be filed with a petition of confidentiality.

Please contact me at 270.685.8024 if the Commission or Staff has any questions regarding the enclosed report.

Sincerely,

A handwritten signature in blue ink that reads "Mark A. Martin".

Mark A. Martin  
Vice President, Rates & Regulatory Affairs

Enclosures

cc: Randy Hutchinson  
Don Erickson  
Larry Cook

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 30 2015

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

THE FINAL REPORT OF ATMOS ENERGY CORPORATION  
ON ITS HEDGING PROGRAM FOR THE 2014-2015  
HEATING SEASON

Case No. 2012-00440

**PETITION FOR CONFIDENTIALITY OF ATMOS'  
FINAL HEDGING REPORT**

Atmos Energy Corporation ("Atmos Energy") respectfully petitions the Kentucky Public Service Commission ("Commission"), pursuant to 807 KAR 5:001 Section 13, and all other applicable law, for confidential treatment of Atmos Energy's Final Hedging Report for the 2014-2015 heating season.

1. On March 28, 2013 the Commission entered an Order in this proceeding approving Atmos Energy's hedging program through March 31, 2014. On December 2, 2013, Atmos Energy filed an Application for Continuance of its Hedging Program for five (5) years, through March 31, 2019. (See KPSC Case No. 2013-00421). On March 10, 2014, the Commission entered an Order in KPSC Case No. 2013-00421, approving the continuation of Atmos Energy's hedging program pending the issuance of a final Commission order. On September 18, 2014, the Commission entered its Final Order denying Atmos Energy's request to extend its hedging program in KPSC Case No. 2013-00421.

2. Portions of the Report filed herewith, together with the Exhibits attached thereto, contain sensitive pricing information and confidential information about Atmos Energy's hedging strategies. Atmos Energy's hedging strategies (including the prices Atmos Energy would likely pay for hedging contracts under various market conditions) constitutes sensitive, proprietary information which if publicly disclosed could put Atmos Energy at a commercial disadvantage in future hedging negotiations. Prospective brokers of hedging devices would gain insight into how Atmos Energy is likely to react to changing market conditions in terms of what Atmos Energy might be willing to pay for hedging contracts. This information would not otherwise be available. Although the full extent to which Atmos Energy would be disadvantaged

in future negotiations is difficult to predict, it is clear that Atmos Energy would likely be disadvantaged in future negotiations if the information contained in the attachments to this Petition is made public.

3. Atmos Energy would not, as a matter of company policy, disclose information like that contained in the attachments to any person or entity, except as required by law or pursuant to a court order or subpoena. Atmos Energy's internal practices and policies are directed towards non-disclosure of the attached information. In fact, the information contained in the attachments is not disclosed to any personnel of Atmos Energy except those who need to know in order to discharge their responsibility. Atmos Energy has never disclosed such information publicly. This information is not customarily disclosed to the public and is generally recognized as confidential and proprietary in the industry. The Commission has historically granted Atmos Energy confidential protection to information concerning the actual price being paid by Atmos Energy to individual marketing companies and other suppliers of natural gas.

4. There is no significant interest in public disclosure of the information contained in the attachments. Any public interest in favor of disclosure of the information is out weighed by the competitive interest in keeping the information confidential.

5. The information contained in the attachments is also entitled to confidential treatment because it constitutes a trade secret under the two prong test of KRS 365.880(4): (a) the economic value of the information is derived by not being readily ascertainable by other persons who might obtain economic value by its disclosure and (b) the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The economic value of this information is derived by Atmos Energy maintaining the confidentiality of the information since prospective brokers could obtain economic value by its disclosure.

6. The time period during which the material should be treated as confidential should be indefinite. Atmos Energy's confidential historical hedging strategies will remain competitively sensitive for an indefinite period in the future.

WHEREFORE, Atmos Energy petitions the Commission to treat as confidential all of the material and information contained in the attached that is marked CONFIDENTIAL.

Respectfully submitted this 29 day of April, 2015.



Mark R. Hutchinson  
611 Frederica Street  
Owensboro, Kentucky 42301  
[randy@whplawfirm.com](mailto:randy@whplawfirm.com)

#### VERIFICATION

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



Mark A. Martin

#### CERTIFICATE OF SERVICE

I hereby certify that on the 29 day of April, 2015 the original of this Petition, with the Confidential Information for which confidential treatment is sought, together with ten (10) copies of the Petition without the confidential information, were sent by overnight delivery to the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40206.



Mark R. Hutchinson

**Atmos Energy Corporation**  
**Case No. 2012-00440**  
**2014-2015 Final Hedge Report**  
**Table of Contents**

Tab 1	Narrative Report
Tab 2	Exhibit A – Hedge Report
Tab 3	Exhibit B – Accounting Entries
Tab 4	Exhibit C – Gas Cost

**ATMOS ENERGY CORPORATION  
KENTUCKY DIVISION  
FINAL HEDGING REPORT  
CASE NO. 2012-00440**

The Kentucky Public Service Commission (“Commission”) requested in its Order in Case No. 2012-00440 that Atmos Energy Corporation (“Atmos Energy” or “Atmos”) provide the Commission with a final hedging report as required by the Commission in its approvals of Atmos Energy’s previous hedging programs. The final hedging report is to be provided within 30 days of March 31, 2015. The report is to “identify any gas cost savings realized under the hedging program and provide the accounting entries made by Atmos Energy to record monthly changes in market prices and the closing of the contracts net settlement.” Additionally, the Commission requested a data summary of all hedging transactions, total gas cost by month for the 12-month period ending March 31 and total cost paid (and associated volumes) for gas physically hedged through use of Atmos’ company owned storage for the 12-month period ending March 31. The purpose of this report is to provide the requested information pertaining to the 2014-2015 heating season.

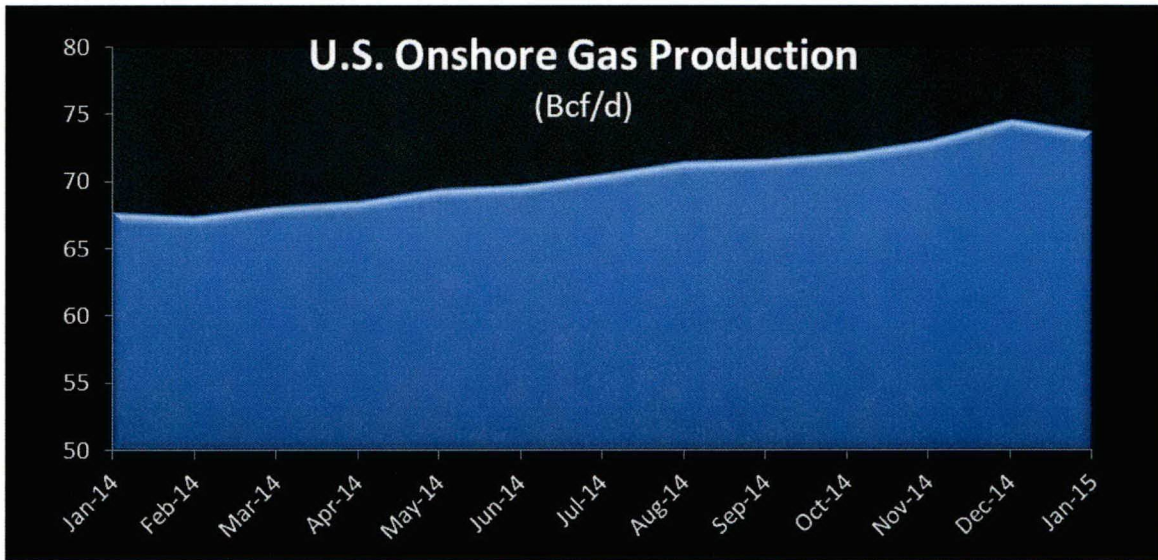
***Atmos Energy’s Purchasing Decisions***

In the preliminary order of Case No. 2013-00421 dated March 10, 2014 the Commission approved Atmos’ hedging program to hedge up to two winter periods or seasons. In the final order of Case No. 2013-00421 dated September 18, 2014 the Commission denied Atmos’ request to extend its hedging program and to cease hedging activities as of the date of the order. Atmos put no additional positions on for Kentucky after its first September implementation (September 4, 2014).

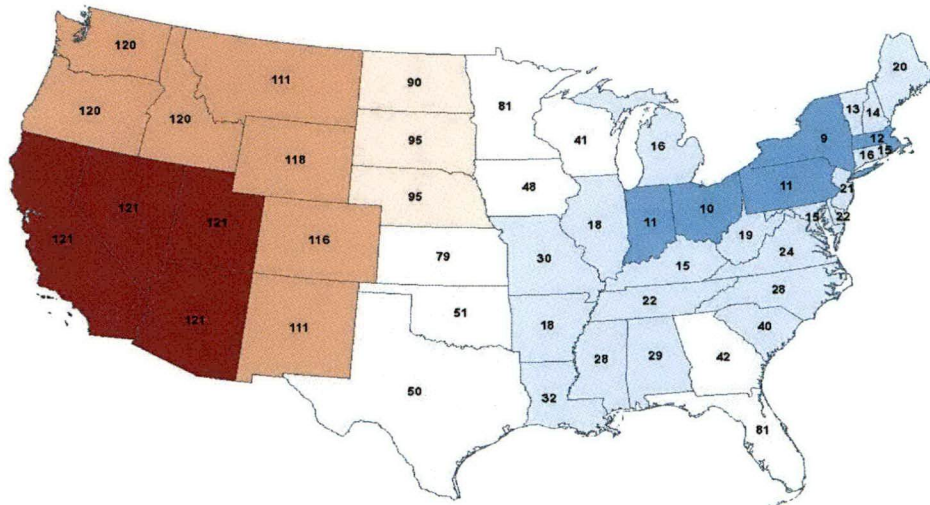
Please refer to the chart on the following page showing the 2014-15 winter strip (contracts November 2014 through March 2015) futures pricing from April 2013 through October 2014 with points marked indicating days on which Atmos executed hedging transactions. Atmos implemented over two periods from April 2013 through October 2013 and April 2014 through September 2014. The total weighted average hedge price for the 2014-15 Atmos Kentucky winter period was [REDACTED] and the weighted average settle for the 2014-15 strip was \$3.40. Atmos’ hedging plan allows up to [REDACTED]

***Market Conditions***

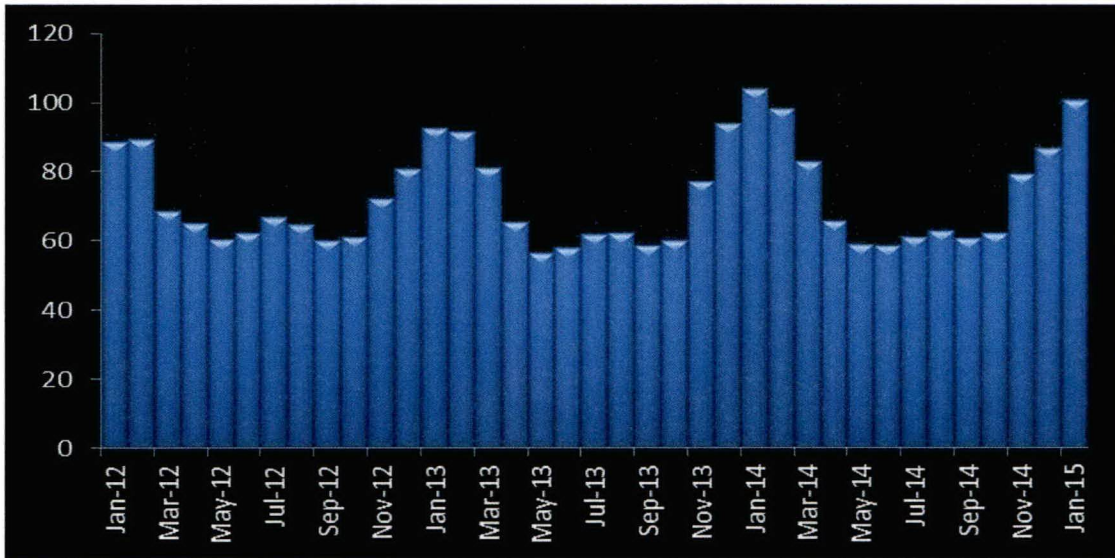
U.S. natural gas dry production averaged 67.80 billion cubic feet per day (Bcf/d) for January 2014 and peaked in December 2014 at 74.68 Bcf/d. Production in January 2015 (the latest available) averaged 73.77 Bcf/d. Please see the chart below showing production from January 2014 through January 2015 as reported by the Energy Information Administration (EIA).



The U.S. 2014-15 winter period over the lower 48 states, as reported by the National Oceanic and Atmospheric Administration (NOAA), was overall colder than normal for the eastern part of the country and the warmest winter on record for parts of the west coast. Please see the map on the following page which ranks each state in relation to its temperature as compared to normal for the 2014-15 winter.



Natural Gas usage in 2014 averaged 74 Bcf per day compared to 71 Bcf per day in 2013. Please see the charts below showing the overall demand and the sources of demand for the past three years.



EIA Dry Production Data: [http://tonto.eia.doe.gov/dnav/ng/ng\\_prod\\_sum\\_dc\\_u\\_NUS\\_m.htm](http://tonto.eia.doe.gov/dnav/ng/ng_prod_sum_dc_u_NUS_m.htm)

EIA Consumption Data: <http://www.eia.gov/dnav/ng/hist/n9140us2m.htm>

NOAA: <http://www.noaa.gov/>

Exhibit A shows details of the hedging implementations and results for winter 2014-2015. Atmos financially hedged [REDACTED]

***Atmos Energy's Hedging Program Contract Monthly Changes, Settlements and Accounting Entries***

Please refer to Exhibit B for the accounting entries related to Atmos' hedging program for winter 2014-15.

***Atmos Energy's Total Gas Cost by Month***

Please see Exhibit C showing total gas cost (including storage) and associated volume by month for the 12-month period beginning with March 2014 production (April 2014 General Ledger) and ending February 2015 production (March 2015 General Ledger, latest available). [REDACTED]

***Volatility Results from Atmos Energy's Hedging Program***

[REDACTED]



[REDACTED]

[REDACTED]

*Atmos Energy's Hedging Program for Winter 2015-16*

Per PSC Order Case No. 2013-00421 dated September 18, 2014 Atmos Energy was ordered to cease hedging activities for its customers in Kentucky. Atmos was also ordered to continue to reflect in its GCA applications the net cost and benefits of its approved hedging activities associated with its natural gas procurement and supply performed through the date of the order listed above. As of September 18, 2014, Atmos Energy hedged [REDACTED]

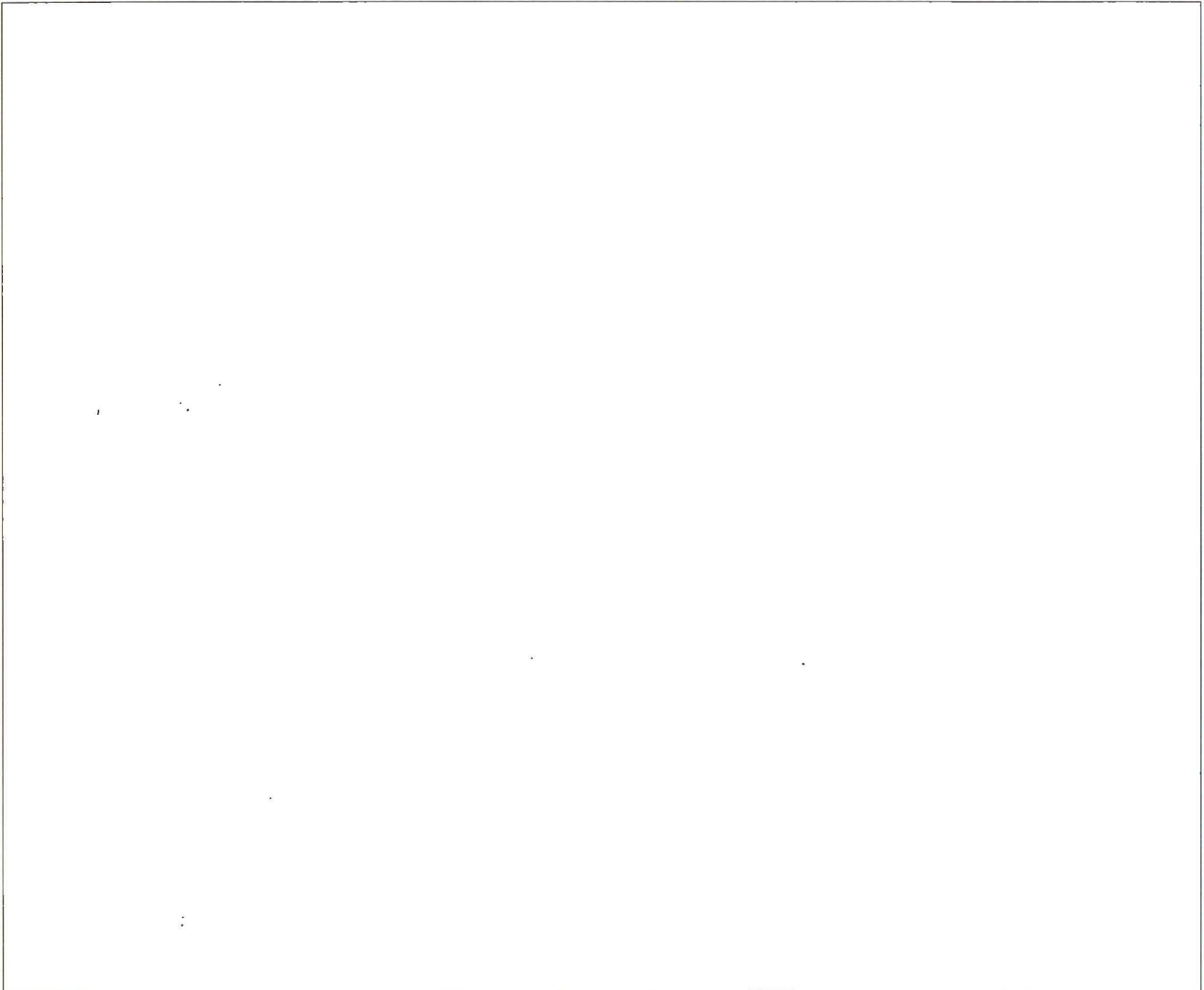
Atmos will file both an interim and final report on its hedging plan consistent with the requirements of previous hedging programs. The interim report will be filed within 30 days of the November 1, 2015 start of the winter season and the final report filed within 30 days of the March 31, 2016 end of the heating season.

Delivery Month is between 11/1/2014 and 3/1/2015 and Transaction Date is less than or equal to 4/28/2015 and State is equal to Kentucky  
This report contains all subreports.

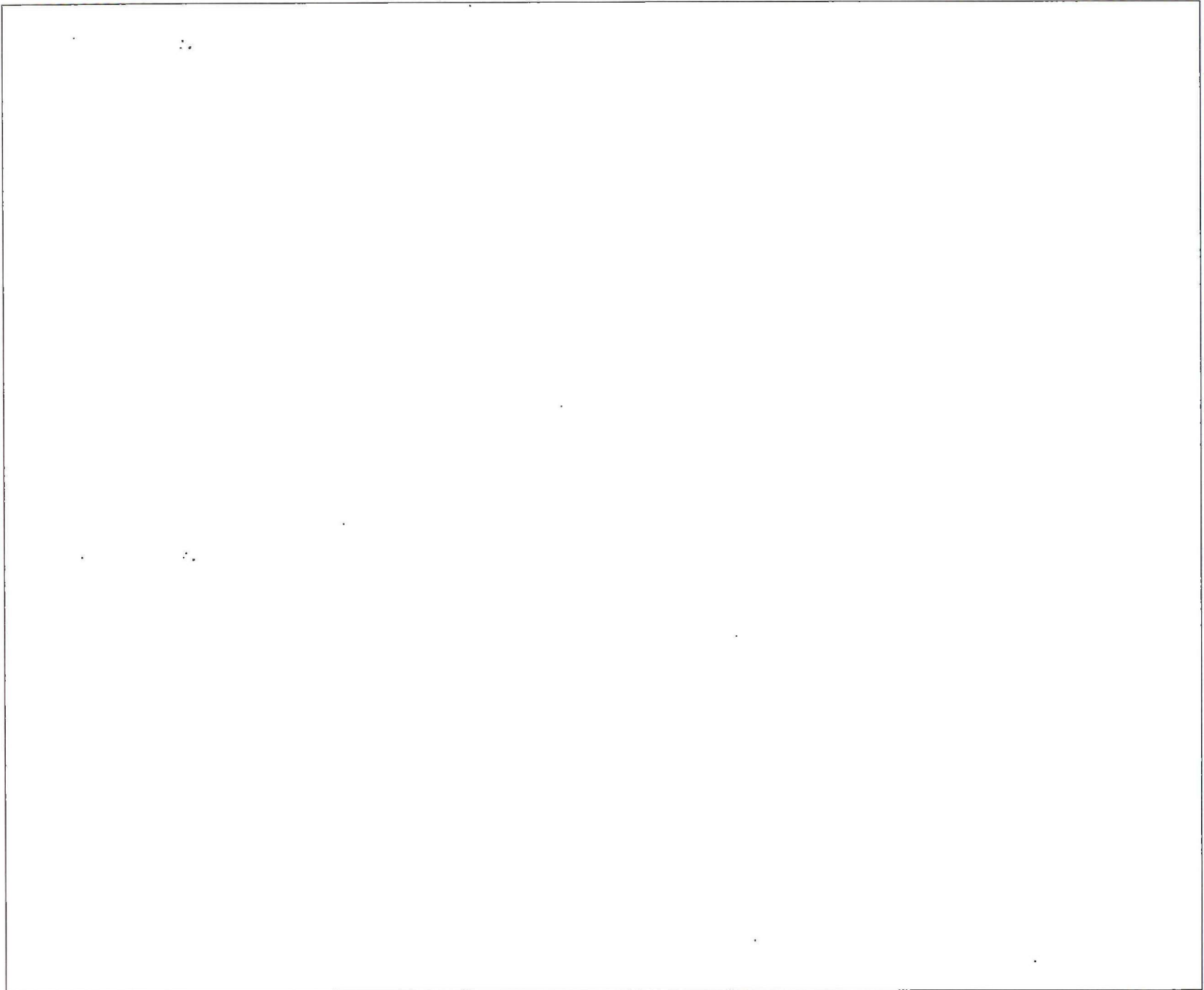
State: Kentucky











Case No. 2012-00440

Confidential

