



RECEIVED
MAY 06 2016
PUBLIC SERVICE
COMMISSION

May 4, 2016

Mr. Aaron Greenwell, Acting Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Subject: KPSC Case No. 2012-00440
2015-2016 Final Hedge Report

Dear Mr. Greenwell:

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

Atmos Energy Corporation
Case No. 2012-00440
2015-2016 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, 2016. 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 2015-2016 heating season.

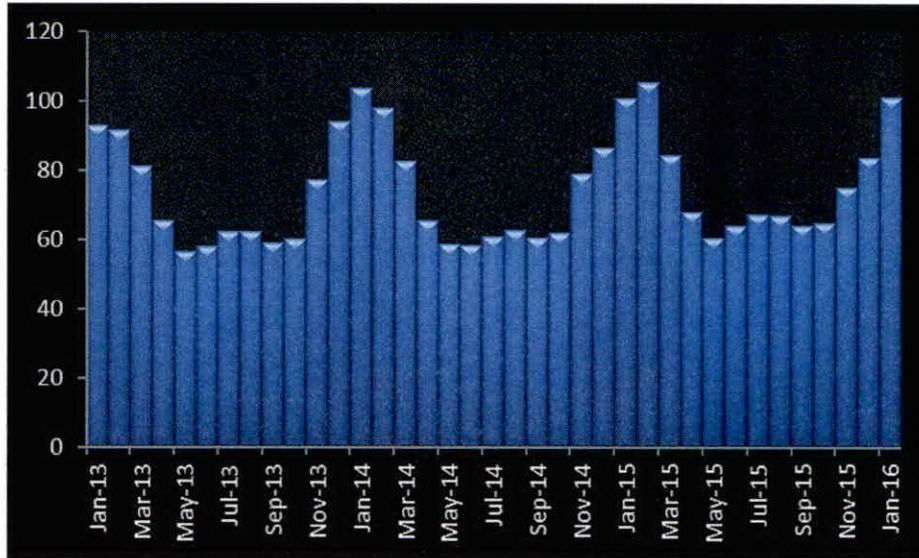
Atmos Energy’s Purchasing Decisions

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 2015-16 winter strip (contracts November 2015 through March 2016) futures pricing from April 2014 through October 2015 with points marked indicating days on which Atmos executed hedging transactions. Atmos implemented over one period from April 2014 through September 2014. The total weighted average hedge price for the 2015-16 Atmos Kentucky winter period was [REDACTED] and the weighted average settle for the 2015-16 strip was \$2.15. Atmos’ hedging plan allows up [REDACTED].

Market Conditions

U.S. natural gas dry production averaged 73.10 billion cubic feet per day (Bcf/d) for January 2015 and peaked in October 2015 at 77.19 Bcf/d. Production in January 2016 (the latest available) averaged 74.23 Bcf/d. Please see the chart below showing production from January 2015 through January 2016 as reported by the Energy Information Administration (EIA).



EIA Dry Production Data: http://tonto.eia.doe.gov/dnav/ng/ng_prod_sum_dcua_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 2015-2016. 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 2015-16.

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 2015 production (April 2015 General Ledger) and ending February 2016 production (March 2016 General Ledger, latest available). [REDACTED].

Volatility Results from Atmos Energy's Hedging Program

[REDACTED]

[REDACTED]

[REDACTED]

Atmos Energy's Hedging Program Going Forward

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 will not enter into any financial hedges for its customers in Kentucky unless approved to do so through a new Commission order.

Atmos Energy Corporation - Hedging Report

Regulatory Contract

Market Price Date: 03/31/2016

Transaction Date: 04/28/2016

Delivery Month is between 11/1/2015 and 3/1/2016 and Transaction Date is less than or equal to 4/28/2016 and State is equal to Kentucky - This report contains all subreports.

State: Kentucky









Case No. 2012-00440

Confidential

