

COMMONWEALTH OF KENTUCKY

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BEFORE THE PUBLIC SERVICE COMMISSION

MAY 11 2017

IN THE MATTER OF:

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COMMISSION

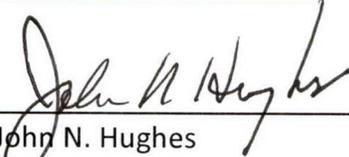
PURCHASED GAS ADJUSTMENT FILING ) Case No.  
OF ATMOS ENERGY CORPORATION ) 2017-00180

**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**

Atmos Energy Corporation, by counsel, submits its responses to the Commission's Order of May 8, 2017.

Respectfully Submitted,

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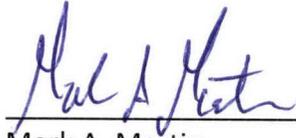
CERTIFICATE OF SERVICE

I hereby certify that on the 11 day of May, 2017, this Response, together with ten (10) copies, were filed with the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602, by hand delivery.

  
\_\_\_\_\_  
John N. Hughes

**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

SUBSCRIBED AND SWORN to before me by Mark A. Martin, on this the 10 day of May, 2017.



Notary Public

Notary ID: 528633

My Commission Expires: 3-12-15

Atmos Energy Corporation  
Kentucky  
Case No. 2017-00180  
Commission Staff Data Request  
DR Item 1  
Witness: Mark A. Martin  
Vice-President of Rates and Regulatory Affairs,  
Kentucky Mid-States Division

Date Request:

Refer to the Application, Exhibit A, page 1 of 2. The increase in the commodity cost of gas requested by Atmos is \$.1651 per Mcf. Provide the sales volumes in Mcf that Atmos expects for June and July 2017, and the total dollar amount of the expected shortfall at currently approved rates.

Response:

The total sales volume in Mcf that Atmos expects for June of 2017 is 446,624 and for July, 2017 it is 361,328. The total dollar amount of the expected shortfall for those two months at currently approved rates is \$133,392. Please note that the Company carefully considers any out of cycle GCA filing. The Company is permitted by its tariff to make such changes. While the Company has made out of cycle GCA filings in the past, the Company does not make them frequently. The Company is making an out of cycle GCA filing to minimize the increase to its under-recovery situation and to minimize any future increases to its customers.

Atmos Energy Corporation  
Kentucky  
Case No. 2017-00180  
Commission Staff Data Request  
DR Item 2

Witness: Mark A. Martin  
Vice-President of Rates and Regulatory Affairs,  
Kentucky Mid-States Division

Data Request:

The current expected gas cost ("EGC") being charged to G-1 sales customers is \$4.6001 per Mcf and \$3.3844 per Mcf for G-2 customers. Increasing these rates by \$1.651 per Mcf amounts to a 3.6 percent increase for G-1 customers and a 4.9 percent increase for G-2 customers. Given the relatively small amount of the increase, explain why Atmos thinks it is more reasonable to increase the EGC through an interim purchased gas adjustment ("PGA") filing, rather than including any under-recovery in the Correction Factor of an upcoming PGA application.

Response:

The Company prefers to minimize any increase to its customers. The Company believes that by reflecting a more current market price, it can minimize any potential increase needed in the future.

Atmos Energy Corporation  
Kentucky  
Case No. 2017-00180  
Commission Staff Data Request  
DR Item 3

Witness: Mark A. Martin  
Vice-President of Rates and Regulatory Affairs,  
Kentucky Mid-States Division

Request

Explain the decision making process Atmos uses to decide whether natural gas prices are expected to increase (or decrease) to the point that it should request an interim adjustment of its gas cost rates.

Response:

The Company constantly monitors the market to see any potential trends in future prices. Unfortunately, prices have continued on an upward trajectory. The Company also factors in the impact to its customers. The Company would rather have smaller increases through an out of cycle filing than a potentially larger increase from quarter to quarter.