

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)
CORPORATION FOR AN ADJUSTMENT) CASE NO. 2013-00148
OF RATES AND TARIFF MODIFICATIONS)

ATMOS' RESPONSE TO ATTORNEY GENERAL'S
MOTION AND SUPPLEMENTAL FOR CONTINUANCE

The Attorney General ("AG") of the Commonwealth of Kentucky, by and through the Office of Rate Intervention, has requested a two week continuance of the hearing in this rate proceeding on the grounds it does not have sufficient time to review purportedly "...new, previously requested, information...". Atmos Energy Corporation ("Atmos") opposes the AG's motion because the AG has not demonstrated good cause and respectfully requests that the Commission leave in place the existing procedural schedule established in the case.

The AG asserts that Atmos has failed to timely respond to certain of his data requests. Generally, to have credibility, one is required to argue a position with "clean hands". In this proceeding, Atmos has served the AG with numerous requests for

clarification and verification of a number of issues related to Mr. Ostrander's data responses and testimony. The responses have been inadequate. This is evidenced by the need for the AG to file "Corrected and Supplemental" testimony of Mr. Ostrander.

Not only is such supplemental testimony not allowed by the procedural schedule, it is highly prejudicial to Atmos. Mr. Ostrander's "Corrected and Supplemental" testimony was filed just hours before Atmos' Rebuttal Testimony was due to be filed. The AG's own lack of responsiveness, violation of the procedural schedule and prejudicial timing of the filing of new testimony hardly qualifies as "clean hands" and therefore lacks credibility.

The substance of the AG's motion lacks merit and credibility. The AG's primary ground for requesting a continuance relates to Atmos' Supplemental Responses to AG DR1-212 filed on November 18, 2013. These supplemental responses all relate to the special contracts issue raised by AG Witness Watkins.

The AG's motion creates the impression that Atmos never provided it with the special contracts for over three months. That is simply untrue. Atmos provided copies of special contracts to the AG on August 28, 2013. Atmos subsequently provided a host of information related to the contracts, which

was the result of its ongoing search for the requested information. The copies of the special contracts that Atmos later provided on November 18 were different only in that they contained the stamp of the Commission evidencing filing and acceptance by the Commission. Other than the PSC "stamp" the copies of the special contracts are identical to the copies that Atmos provided previously. Although the AG would have the Commission believe that a significant amount of new information was being provided in the November 18 supplemental responses, in truth and fact, only 28 pages of so-called "new" information was given to the AG. That consists of the two page cost assessment sheets that were filed with 14 of the special contracts. All other information contained in the November 18 supplemental responses had previously been provided to the AG.

The clutter of emails included with the Attorney General's motion is associated with prior data requests that have been adequately addressed by Atmos Energy. Except for the recent discovery of the accepted special contracts and the associated cost analyses, Atmos has provided all information referenced in the AG's motion.. Moreover, the 28 pages of "new" information merely confirmed what AG witness Watkins has already acknowledged - that the revenue generated by these special contracts cover all variable costs and contribute to margin. The

reference to Gary Smith's testimony as being a new witness and new issues is a red herring. His testimony addresses an issue that was not known to Atmos until the filing of the Attorney General's data requests and testimony. Mr. Smith is the most knowledgeable company witness to address the issues raised for the first time by the Attorney General in any of Atmos' rate cases since the inception of those contracts in the mid-1990's. Atmos has had a number of rate cases since. The AG has intervened in all of them. Not once has the adjustment proposed by Mr. Watkins ever been raised or suggested. Accordingly, no direct pre-filed testimony was included in the filing pertaining to several contracts. Undermining the Attorney General's reliance on this issue at this stage of the proceeding is his failure to object to Pace McDonald's testimony. Like Mr. Smith, Mr. McDonald did not file direct testimony. He addresses another issue that the Attorney General has never raised in an Atmos Energy rate case - Net Operating Loss Carry forward. The inconsistency in the Attorney General's selective claim of harm, discredits his argument.

Once the issue was raised, Mr. Smith, who was involved first hand with these special contracts, was the witness best suited to provide the Commission and the AG with the most comprehensive information available regarding these special

contracts. His testimony was rebuttal only and fully permissible under applicable Commission protocol.

Atmos regrets the tone taken by the AG in its motion for a continuance. The Company has been extremely responsive to all of the AG's requests for information - submitting thousands of pages of information without objection or material delay. To accuse the Company of "sandbagging" by intentionally withholding information was uncalled for.

As for the AG's Supplement to Expedited Motion, the AG had been provided the requested documents, but in PDF, rather than Excel format. The documents have now been provided in the requested format. Because there is no procedural deadline on the AG or any other filing to be made as a result of these responses, there is no prejudice. He has adequate time prior to the hearing to review the provided documents.

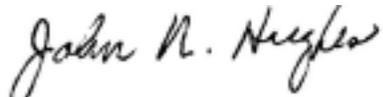
Atmos believes the Attorney General has failed to support the need for additional time to prepare for the hearing and believes it should be held as scheduled on December 3. The alternative date for rescheduling the hearing suggested by the Attorney General is problematic for Atmos Energy. Should the motion be granted Atmos Energy requests that it be moved to mid-January, 2014. Additionally, if the hearing is rescheduled, Atmos Energy requests that it be continued from the original

date of December 3, 2013 to avoid the cost of republishing the notice of hearing.

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