

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

Application of Atmos Energy Corporation)
for an Adjustment of Rates) Case No. 2013-00148
and Tariff Modifications)

RESPONSE TO LETTER OF MAY 28, 2013 AND MOTION FOR DEVIATION

Atmos Energy Corporation (Atmos Energy), by counsel, submits its response to the letter of May 28, 2013 and its motion for deviation pursuant to 807 KAR 5:001(21).

- (1) 807 KAR 5:001, Section 4(3) – Name address, telephone number, fax number, and e-mail address of submitting party or attorney. No fax number was included.

RESPONSE: Undersigned counsel for Atmos Energy does not have a fax number and has not had one for some time, so no number can be provided. However, because this is an electronic case, the applicant is required to waive paper service and to certify that it is capable of filing and receiving documents electronically. This eliminates the need for fax communication. Atmos Energy asks for a deviation from this requirement pursuant to 807 KAR 5:001(21)

- (2) 807 KAR 5:001, Section 16(1)(b) 4 – New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed. Atmos Energy is proposing two tariff riders, the Margin Loss Rider and the System Development Rider (original sheets 42, 43, and 44). As they are not designated as new with the letter “N” they do not comply with the regulation.

RESPONSE: The proposed tariffs do not have the “N” designation, however, they are included in the “Proposed” tariff section of the application, indicative of their addition to current tariffs. Obviously, the staff was able to determine that the tariffs are new based on the information provided in the application. The lack of the “N” should not be considered a substantive omission and is not material to the review of the application. Attached is a revised tariff with the appropriate designation. Atmos Energy asks for a deviation from this requirement pursuant to 807 KAR 5:001(21).

- (3) 807 KAR 5:001, Section 16(4)(a) - The present rates and proposed rates for each customer class to which the proposed rates will apply. In the notice (in Volume 3 of the application) both the T-3 and T-4 tariffs contain incorrect current rates while the G-2 tariff contains incorrect proposed rates.

RESPONSE: The notice correctly provides the proposed rates and the correct percentage increases for the T-3 and T-4 tariffs. Any one reviewing the application to determine the monetary impact of the proposed increases for those two customer classes would have adequate information to do so. This error should not be considered material to the review of the

application. Corrected copies of the tariffs are attached. The cost of republishing the notice to correct this error is estimated to be \$50,000, an expenditure which is unjustified given the nature of the error. Atmos Energy asks for a deviation from this requirement pursuant to 807 KAR 5:001(21).

The G-2 rate only affects approximately 12 customers. Atmos Energy proposes to mail a corrected notice to each of those customers in lieu of republication. A corrected tariff sheet is attached.

- (4) 807 KAR 5:001, Section 16(4)(e) - A statement that a corporation, association, or person may within thirty (30) days after the initial publication or mailing of notice of the proposed rate changes, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 that establishes the grounds for the request including the status and interest of the party, and states that intervention may be granted beyond the thirty (30) day period for good cause shown. Wording contains several incorrect phrases.

RESPONSE: The regulation requires certain “statements” specifying the conditions for intervention. It does not require the verbatim replication of the language in the regulation, which apparently is the basis for deficiency cited. Atmos Energy believes that all substantive language required of the regulation is included in the notice, with the exception of one word. “Initial” is not included prior to “publication”. However, that omission does not limit anyone’s ability to intervene. It is not material to the understanding of the intervention process. Atmos Energy asks for a deviation from this requirement pursuant to 807 KAR 5:001(21). The cost of republishing the notice is unjustified given the nature of the error.

- (5) 807 KAR 5:001, Section 16(4)(g) - A statement that a person may examine this filing and any other documents the utility has filed with the Public Service Commission at the offices of (the name of the utility) located at (the utility’s address) and on the utility’s Web site at (the utility’s Web site address), if the utility maintains a public Web site. Omitted Atmos Energy’ Website.

RESPONSE: Atmos Energy did not include its website address. However, the PSC’s website is included. The stated purpose of the notice of the website is to allow access to documents filed in the case. All documents that would be available on the Atmos Energy website are also available on the PSC website, so the effect of the omission is the lack of a redundant source of information. This omission does not deprive anyone from website access to all case documents. Atmos Energy asks for a deviation from this requirement pursuant to 807 KAR 5:001(21)

Atmos Energy believes that it has substantially complied with the substantive requirements of the regulations. The deficiencies have no significant impact on anyone’s ability to access and review the filing, participate in the case or understand the proposed changes to the tariffs and rates. The Commission has generally been accommodating in granting deviations in such situations, including defective notices. In “The Application of Northeast Woodford County Water District”, Case No. 2001-331, Order dated January 15, 2002, the Commission allowed a deviation: “ The filing of December 5, 2001 included a request for deviation from the notice

requirements of 807 KAR 5:011, Section 8. As grounds for its request for deviation, Northeast Woodford states that it published notice as required and that **its notice contained a majority of the elements required by Commission regulation.**” The Commission ruled in its order:

1. The notice furnished by Northeast Woodford **substantially complies** with the requirements of 807 KAR 5:011, Section 8. **(Emphasis added)**

In other situations, the Commission has found that defects in publication of notices can be cured by the granting of deviations. For example, In the Examination of the Fuel Clause Adjustment of Kentucky Utilities, Case No. 2012-00320, dated December 14, 2012, the Commission found that “...KU has substantially complied with the notice requirements of 807 KAR 5:011, Section 8(5), that this substantial compliance has satisfied the requirements of the regulation, and, pursuant to 807 KAR 5:011, Section 14, that it should be granted deviation from the notice requirements contained therein.”

The Commission has also granted deviations from the filing of specific documents required by the regulations. For example, in Case No. 2000-373, “Application of Jackson Energy Cooperative”, dated October 30, 2000, the Commission accepted an application for adjustment of rates without the submission of certain documents:

Administrative Regulation 807 KAR 5:001, Section 10(6)(s), requires the submission of the applicant’s Securities and Exchange Commission’s annual report for the most recent 2 years, Form 10-Ks and any Form 8-Ks issued within the past 2 years, and Form 10-Qs issued during the past six quarters updated as current information becomes available. Having reviewed the filing and being otherwise sufficiently advised, the Commission finds that the information filed therein is sufficient to enable the Commission to review adequately Jackson Energy’s filing and that good cause exists to grant the requested deviation.

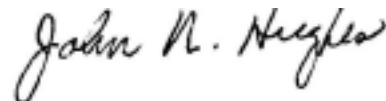
Given the nature of the deficiencies, Atmos Energy asserts that it has provided good cause for granting the deviations requested and that there is abundant precedent for the Commission to grant the deviations. Atmos Energy moves for an order finding good cause for

the deviations, that the application be deemed in substantial compliance with all filing requirements and that the case be docketed for review.

Submitted by:

Douglas Walther
Atmos Energy Corporation
P.O, Box 650205
Dallas, TX 75265
972-855-3102
[Douglas.Walther@Atmos](mailto:Douglas.Walther@AtmosEnergyenergy.com)
Energyenergy.com

Mark R. Hutchinson
Wilson, Hutchinson, Poteat &
Littlepage
611 Frederica St.
Owensboro, KY 42303
270 926 5011
Fax: 270-926-9394
Randy@whplawfirm.com



John N. Hughes
124 West Todd Street
Frankfort, KY 40601
502 227 7270
Fax: none
jnhughes@fewpb.net

Attorneys for Atmos Energy
Corporation

FR 16(1)(b)4 Attachment
Revised Tariff Sheets

ATMOS ENERGY CORPORATION

(NAME OF UTILITY)

Margin Loss Rider

MLR

1. Applicable:

Applicable to tariff sales service under the Company's Rate Schedules G-1, and G-2.

2. Purpose:

This Rider is intended to allow the Company to recover half of any lost margin related to (1) the Economic Development Rider, (2) discounts pursuant to the Alternative Fuel Responsive Flex Provisions or (3) negotiated rates with bypass candidates. This Rider is intended to enhance the Company's system utilization while encouraging industrial development and job growth with in the Company's service areas. Margin recovery associated with discounted service that is already reflected in the Company's base rates is prohibited from this Rider.

3. Calculation of Margin Loss Rider:

The calculation of lost margin will be the difference between existing tariff rates and the negotiated special contract rates. The difference will be collected over estimated sales volumes as used in the Correction Factor of the Gas Cost Adjustment Rider.

4. MLR Unit Charge:

Current	\$0.00 per Mcf
Balancing Adjustment	\$0.00 per Mcf
Total	\$0.00 per Mcf

5. Balancing Adjustment

The Balancing Adjustment shall be calculated on an annual basis and be used to reconcile the difference between the amount of revenues actually billed through this Rider and the revenues which should have been billed.

The balance adjustment amounts calculated will include interest to be calculated at a rate equal to the average of "3-month Commercial Paper Rate" for the immediately preceding twelve-month period.

DATE OF ISSUE May 13, 2013
Month/Date/Year

DATE EFFECTIVE June 13, 2013
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2013-00148

ISSUED BY /s/ Mark A. Martin
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION

(NAME OF UTILITY)

System Development Rider

(N)

SDR

(N)

1. Applicable:

Applicable to tariff sales service under the Company’s Rate Schedules G-1, and G-2.

(N)

2. Purpose:

This Rider is intended to allow the Company to recover any specific investment related to economic development initiatives for overall system improvement and/or reliability and that cannot be directly assigned to a customer or a group of customers. This Rider is intended to encourage industrial development, infrastructure investment and job growth within the Company’s service areas.

(N)

3. Calculation of System Development Rider Revenue Requirement

The SDR revenue requirement includes the following:

(N)

- a. SDR-related Plant In-Service not included in base gas rates minus the associated SDR-related accumulated depreciation and accumulated deferred income taxes; (N)
- b. Retirement and removal of plant related to SDR construction; (N)
- c. The rate of return on the net rate base will be the overall rate of return on capital authorized for the Company’s Pipe Replacement Program Rider. (N)
- d. Depreciation expense on the SDR related Plant In-Service less retirements and removals. (N)
- e. Adjustment for ad valorem taxes. (N)

4. System Development Rates:

All customers receiving service under tariff Rate Schedules G-1 and G-2 shall be assessed an adjustment to their applicable rate schedule that will enable the Company to recover any capital investment related to economic development initiatives. The allocation to G-1 residential, G-1 non-residential and G-2 will be in proportion to their relative base revenue share approved in the most recently approved general rate case.

(N)

DATE OF ISSUE May 13, 2013
Month/Date/Year

DATE EFFECTIVE June 13, 2013
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2013-00148

ISSUED BY /s/ Mark A. Martin
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION

(NAME OF UTILITY)

System Development Rider

SDR

The SDR will be filed annually on or around August 1st of each year. The filing will reflect any infrastructure investment for the upcoming fiscal year ending each September as well as a balancing adjustment for the preceding fiscal year. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of October.

5. System Development Rider Rates:

The charges for the respective gas service schedules for the revenue month beginning October 1, 2012 per billing period are:

	<u>Monthly Customer Charge</u>	<u>Distribution Charge per Mcf</u>
Rate G-1 (Residential)	\$0.00	\$0.00
Rate G-1 (Non-Residential)	\$0.00	\$0.00
Rate G-2	\$0.00	\$0.00 per 1000 cubic feet

DATE OF ISSUE May 13, 2013
Month/Date/Year

DATE EFFECTIVE June 13, 2013
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2013-00148

ISSUED BY /s/ Mark A. Martin
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

FR 16(4)(a) Attachment
Revised Notice

**NOTICE OF PROPOSED CHANGES IN GAS TARIFFS
WHICH WILL RESULT IN INCREASED CHARGES**

Notice is hereby given that Amos Energy Corporation (“Atmos Energy”), a public utility furnishing natural gas service within the Commonwealth of Kentucky, on or about the 13th day of May, 2013 pursuant to Kentucky Revised Statute 278.180 and the Rules of the Public Service Commission of Kentucky respecting tariffs filed its notice to the Kentucky Public Service Commission (“KPSC”), proposing to change its gas rates effective June 13, 2013.

The present (**including PRP charges**) and proposed rates charged in all territory served by Atmos Energy are as follows:

Rate Classifications	Present Rates (Effective May 1, 2013)				Rate Change	
	Proposed Rates		Increase / (Decrease)			
	Charge	Unit	Charge	Unit	\$ Change	% Change
Rate G-1, General Sales Service						
<u>Residential Service</u>						
Monthly Base Charge:	\$14.28	Per meter	\$16.00	Per meter	\$1.72	12.04%
Commodity Charge						
First 300 Mcf or less per month	\$7.0215	Per/Mcf ¹	\$7.5535	Per/Mcf ¹	\$0.5320	7.58%
Next 14,700 Mcf per month	\$6.6915	Per/Mcf	\$6.8015	Per/Mcf	\$0.1100	1.64%
Over 15,000 Mcf per month*	\$6.4215	Per/Mcf	\$6.5415	Per/Mcf	\$0.1200	1.87%
Minimum Charge: The Base Charge						
<u>Non-Residential Service</u>						

Monthly Base Charge:	\$35.70	Per meter	\$40.00	Per meter	\$4.30	12.04%
Commodity Charge						
First 300 Mcf or less per month	\$7.0215	Per/Mcf	\$7.5535	Per/Mcf	\$0.5320	7.58%
Next 14,700 Mcf per month	\$6.6915	Per/Mcf	\$6.8015	Per/Mcf	\$0.1100	1.64%
Over 15,000 Mcf per month*	\$6.4215	Per/Mcf	\$6.5415	Per/Mcf	\$0.1200	1.87%
Minimum Charge: The Base Charge						
Rate G-2, Interruptible Sales Service						
Monthly Base Charge:	\$344.07	Per delivery point	\$350.00	Per delivery point	\$5.93	1.72%
Commodity Charge						
First 15,000 Mcf or less per month	\$5.4256	Per/Mcf	\$5.5306	Per/Mcf	\$0.1050	1.94%
Over 15,000 Mcf per month	\$5.2056	Per/Mcf	\$5.2696	Per/Mcf	\$0.0640	1.23%
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge						
Rate T-3, Interruptible Transportation Service						
Transportation only service						
Monthly Base Charge:						

Meter Charge	\$329.24	Per meter	\$350.00	Per meter	\$20.76	6.31%
Administrative Charge	\$50.00		\$50.00		\$0.00	0.0%
Commodity Charge						
First 15,000 Mcf or less per month	\$0.6822	Per Mcf	\$0.7920	Per Mcf	\$0.1098	16.09%
Over 15,000 Mcf per month	\$0.4440	Per Mcf	\$0.5310	Per Mcf	\$0.0870	19.59%
Rate T-4, Firm						
Transportation Service						
Transportation only service						
Monthly Base Charge:						
Meter Charge	\$328.33	Per meter	\$350.00	Per meter	\$21.67	6.60%
Administrative Charge	\$50.00		\$50.00		\$0.00	0.0%
Commodity Charge						
First 300 Mcf or less per month	\$1.1930	Per Mcf	\$1.6320	Per Mcf	\$0.4390	36.80%
Next 14,700 Mcf per month	\$0.8351	Per Mcf	\$0.8800	Per Mcf	\$0.0449	5.38%
Over 15,000 Mcf per month*	\$0.5423	Per Mcf	\$0.6200	Per Mcf	\$0.0777	14.33%
Special Charges						
Turn on new service with meter set	\$34.00		\$34.00		\$0.00	0.0%
Turn on service, shut in test required	\$23.00		\$23.00		\$0.00	0.0%
Turn on service, meter read only required						

Reconnect delinquent service	\$39.00	\$39.00	\$0.00	0.0%
Reconnect service off temporarily at customer request				
Termination or field collection charge				
Meter test charge	\$20.00	\$20.00	\$0.00	0.0%
Optional facilities for Electronic Flow Measurement				
Class 1 EFM	\$75.00	\$75.00	\$0.00	0.0%
Class 2 EFM	\$175.00	\$175.00	\$0.00	0.0%
Seasonal Charge	\$65.00	\$65.00	\$0.00	0.0%
Returned Check charge	\$25.00	\$25.00	\$0.00	0.0%
Late payment charge (G-1 only)	5%	5%	\$0.00	0.0%
Read meter	\$12.00	\$12.00	\$0.00	0.0%
Special meter reading charge	No charge	No charge		
Door Tag Fee	\$0.00	\$10.00	\$10.00	
¹ Mcf = 1,000 cubic feet				

Atmos also is proposing several new tariff provisions and modification of others:

- 1) Permanent approval of the Company's Weather Normalization Adjustment (WNA) mechanism.
- 2) Establishment of a Margin Loss Rider (MLR) and a System Development Rider (SDR), each of which may increase residential rates an amount to be calculated periodically upon implementation of the riders.

- 3) Modification of the General Firm Sales Service (Rate G-1) and the Interruptible Sales Service (Rate G-2) to allow for Natural Gas Vehicle (NGV) Service.
- 4) Establish a new Service Charge Door Tag Fee of \$10.00.
- 5) Incorporation of revisions to 807 KAR 5:006 into the tariff.

All other charges not specifically mentioned herein shall remain the same as those presently in effect. The proposed rates will result in an overall approximate increase in the amount of \$13,367,575 or 8.6% with increases of approximately \$8,303,791 or 8.98% for residential consumers, and \$2,996,879 or 8.07% for commercial consumers, and approximately \$181,500 or 4.25% for industrial consumers. Charges from other gas revenue will increase \$97,171 or 5.1%. The average monthly bill for residential consumers will increase approximately \$4.50 or 8.98%. The average monthly bill for commercial consumers will increase approximately \$14.42 or 8.07%. The average monthly bill for industrial customers will increase approximately \$72.95 or 4.25%. The impact on each customer's average bill will vary according to individual consumption or transportation levels. However, this impact can be determined by each customer by applying the proposed rates listed above to their respective average consumption or transportation levels.

The rates contained in this notice are the rates proposed by Atmos Energy Corporation, however, the KPSC may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for customers other than the rates included in this notice.

Any corporation, association, or person with a substantial interest in this matter may by written request to the KPSC within thirty (30) days after publication or filing of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should set forth the grounds for the request including the status and interest of the party and be submitted to the KPSC at the address listed below. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility from the utility's website or by contacting Atmos at the address listed below or from the KPSC's office or website listed below.

Any person may obtain a copy of the application, testimony or other documents or examine the rate application and any related filings at the offices of Atmos listed below or at its website or the Commission office or its website listed below. Written comments regarding the proposed rate may be submitted to the Public Service Commission by mail or through the Public Service Commission's web site. A copy of the application and all related documents are available for public review at the offices and websites of Atmos and the KPSC listed below:

Atmos Energy Corporation
Attention: Mr. Mark A. Martin
3275 Highland Pointe Drive
Owensboro, KY 42303
(270) 685-8000
Mark.Martin@atmosenergy.com

Atmos Energy Corporation has the following local offices:

Atmos Energy
3275 Highland Pointe Drive
Owensboro, KY 42303

Atmos Energy
449 Whirlaway Drive
Danville, KY 40422

Atmos Energy
638 W. Broadway
Madisonville, KY 42431

Atmos Energy
2850 Russellville Road
Bowling Green, KY 42101

Atmos Energy
1833 E 9th Street
Hopkinsville, KY 42240

Atmos Energy
3034 Parker Street
Paducah, KY 42003

Atmos Energy
200 N Broadway
Glasgow, KY 42141

Atmos Energy
410 E Main Street
Campbellsville, KY 42718

Atmos Energy
105 Hudson Blvd
Shelbyville, KY 40065

Atmos Energy
900 Commonwealth Drive
Mayfield, KY 42066

Atmos Energy
307 Marion Road
Princeton, KY 42445

Public Service Commission of Kentucky
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602
(502) 564-3940
www.psc.ky.gov