

**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)

OBJECTION TO MOTION TO INTERVENE OF STAND ENERGY CORPORATION

Atmos Energy Corporation (Atmos Energy), by counsel, objects to the Motion to Intervene of Stand Energy Corporation (Stand) filed on May 24, 2013. Stand asserts that it “...has differing commercial goals and direction than Atmos Energy Corporation (hereafter “Atmos Energy”), the Kentucky Attorney General, or any other party or prospective party...” (Motion, page 1). Stand highlights those differing commercial goals and directions by proposing to expand the rate proceeding now before the Commission into a generic investigation into the reasonableness of establishing a “Pilot Program for Schools” and enhanced “Standards of Conduct” to regulate the relationship among regulated gas utilities and their unregulated affiliates. (Motion, page 8). Neither of these goals supports the granting of the motion to intervene.

The standard for intervention is stated in 807 KAR 5:001. Rules of procedure:

(11) Intervention and parties.

(a) In a formal proceeding, a person who wishes to become a party to a proceeding before the commission may, by timely motion, request that leave to intervene be granted. The motion shall include the movant’s name and address and shall state his or her interest in the proceeding and how intervention is likely to present issues or develop facts that will assist the commission in fully considering the matter without unduly complicating or disrupting the proceedings.

(b) The commission shall grant a person leave to intervene if the commission finds that a person has a special interest in the case that is

not otherwise adequately represented or that intervention is likely to present issues or to develop facts that assist the commission in fully considering the matter without unduly complicating or disrupting the proceedings.

Stand is not a customer of Atmos Energy and serves no customers of Atmos Energy in Kentucky. Rather than claim an interest in an existing rate or tariff that directly affects it, Stand proposes a pilot program that would affect all schools in Atmos Energy's service areas. Yet, Stand has provided no information to show that it represents any Kentucky school or school district served by Atmos Energy, that it has any information on the natural gas consumption patterns of those schools, that it has any specific knowledge of the threshold transportation gas supply needs that might prove beneficial to the schools, or that it has any information on the gas cost savings that might accrue to the schools. In short, Stand has provided no facts to support its standing to intervene on behalf of third parties that will be directly affected by its proposal and no facts to support its claim that it is in a position to provide the Commission information that would support the development of a "Pilot Program for Schools."

In contrast to Stand's effort to bootstrap a "client", the Kentucky School Board Association has intervened on behalf of the schools served by Louisville Gas and Electric Company in Case No. 2012-00222. Should the School Board or any school within Atmos Energy's service area have an interest in the type of pilot program Stand is proposing on their behalf in this case, they should be the entities that move to intervene. In Case No. 2001-00092, "In the Matter of Adjustment of Gas Rates of Union Light, Heat and Power Company", Stand attempted to intervene to protect the interests of an industrial customer. The Commission rejected that effort saying in its order of September 13, 2001:

SEC asserts that its interest in representing its industrial customer is unique and thus that it has an interest in these proceedings that is not otherwise adequately represented. The Commission finds that the interest claimed by SEC is actually that of ULH&P's IT customer and that it cannot be asserted by SEC. (Order, page 2).

Stand's suggestion of a pilot program for schools provides no valid basis for intervention. The proposal primarily serves to enhance Stand's competitive position, which is clearly not a valid basis for intervention. No customers of Atmos Energy have intervened to question the current tariff standards or to support a pilot program. Stand has provided no facts to show that it has information specific to any Atmos Energy customer or potential customer that would assist the Commission's review of the transportation tariffs. Without a special interest or specific information that would assist the Commission in its review of the rates or tariff of Atmos Energy,, Stand has failed to meet the requirements for intervention.

As to the issue of developing standards for affiliated transactions, something that Atmos Energy already has in place, that is also not within the scope of a rate proceeding and is not within the scope of the review the Commission specified in Case No. 2011-00146, "An Investigation of Natural Gas Retail Competition Programs", page 16:

While the Commission does not advocate mandating or legislating volumetric thresholds for gas transportation service, as we believe the LDCs are best equipped to propose and implement their own systems' products and programs, we are committed to **ensuring the reasonableness of transportation tariffs by reviewing them in the LDCs' next rate cases.**

Further, the Commission's order in that case indicated the possible need for additional legislative authority to address affiliated transactions. Clearly, the issue of a code of conduct is a separate undertaking requiring a review of the policies of all regulated and unregulated

entities involved in the open access market. That type of review will greatly expand the scope of this rate case and will necessarily complicate and delay its adjudication.

Stand's offer of two unrelated proposals: a school pilot program and a utility standard of conduct are more appropriate to be debated in some form of proposed rulemaking, rather than isolated in one utility's rate case.

In addition to these substantive defects in Stand's motion, there are several factual misstatements that need clarification: Atmos Energy operates in eight states, not twelve, having ceased operations in Iowa, Illinois, Georgia and Missouri. Also, Atmos Energy understands that the Iowa and Missouri school aggregation programs were set up by legislative action in those states, not by administrative order and those programs are much broader than just natural gas and include all purchases (i.e. cleaning supplies, office supplies, etc.)

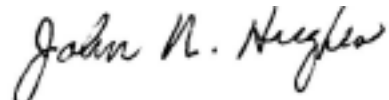
Should the Commission determine that Stand has an interest in this case and should be granted intervention, that intervention should be limited to issues specifically identified in Case No. 2011-00146, *supra*, page 16, namely "... the reasonableness of the existing transportation tariffs ...and any proposed changes in rate design and product and service availability..." Such limited intervention would be consistent with the ruling issued on September 14, 2012 in Case No. 2012-00222, "The Application of Louisville Gas & Electric Company for An Adjustment of Rates"

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