

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

IN THE MATTER OF:

Application of Atmos Energy Corporation)
for an Adjustment of Rates) Case No. 2015-00343
and Tariff Modifications)

RESPONSE TO LETTER OF DECEMBER 4, 2015 AND MOTION FOR DEVIATION

Atmos Energy Corporation (Atmos Energy), by counsel, submits its response to the letter of December 4, 2015 and its motion for deviation pursuant to 807 KAR 5:001(22). The letter specifies the following deficiencies:

- (1) 807 KAR 5:001; Section 17(4)(b) - The present and proposed rates for each customer class to which the proposed rates will apply.
- Incorrect current rate for Rate T-4.
 - Reference to updating the Research and Development Rider (R&D) unit charge without showing the current and proposed R&D unit charges.
 - Reference to updating the cash out methodology for Transportation Service without showing the current and proposed cash out percentages.

Two of the items relate to transportation customers. The monthly base charge for the T-4 service published the current rate of \$390.09, rather than the correct current rate of \$390.12, a difference of \$0.03 on an average monthly bill.

The cash out methodology has the following impact:

- 1) Update the Company’s cash out methodology for Transportation service.
Present:

<u>Imbalance volumes</u>				<u>Negative Imbalances Cash-Out Price</u>		<u>Positive Imbalances Cash-Out Price</u>
First ¹	5%	of Dth Customer	@	100% of Index Price ²	@	100% of Index Price
Next ¹	5%	of Dth Customer	@	110% of Index Price ²	@	90% of Index Price

Over¹ 10% of Dth_{Customer} @ 120% of Index Price² @ 80% of Index Price

¹ Not to exceed Imbalance volumes

² The index price will equal the effective “Cash out” index price in effect for the transporting pipeline or as filed with the Commission by the Company.

Proposed:

<u>Imbalance volumes</u>	<u>Cash Out Price For Positive Imbalances</u>	<u>For Negative Imbalances</u>
0% up to 5% ¹ of Dth _{Customer}	@ 100% of Index Price ²	@ 100% of Index Price
5% up to 10% ¹ of Dth _{Customer}	@ 85% of Index Price ²	@ 115% of Index Price
10% up to 15% ¹ of Dth _{Customer}	@ 70% of Index Price ²	@ 130% of Index Price
15% up to 20% ¹ of Dth _{Customer}	@ 60% of Index Price ²	@ 140% of Index Price
20% and over ¹ of Dth _{Customer}	@ 50% of Index Price ²	@ 150% of Index Price

¹ Not to exceed Imbalance volumes

² The index price will equal the effective “Cash out” index price determined as follows.

To correct these two items, Atmos Energy proposes a deviation from the regulation to allow it to mail a letter with the corrected notice to all affected transportation customers. That will assure that complete information about the cash out is available to them.

Finally, the published notice noted that the R&D Rider, applicable to sales customers, had been updated, but did not show the current and proposed unit charges. The current R&D Rider rate is \$0.0035/Mcf and the proposed rate is \$0.0174/Mcf. The effect of this change to the average residential customer is \$0.07 a month.

In contrast to the insignificant impact on the customer’s bill, re-publishing the notice to correct this minor change will cost approximately \$100,000.00. The benefit hardly justifies the cost. Atmos Energy moves for a deviation to allow correction of the published notice on its web site notice to incorporate each of the three items, rather than republication of the notice in local newspapers.

Atmos Energy believes that it has substantially complied with the substantive requirements of the regulations. The deficiencies have no significant impact on any customer’s

ability to understand the proposed changes to the tariffs and rates. Any discrepancy between the published and actual rates on an average monthly bill is de minimis. The Commission has generally followed a common sense approach granting deviations, 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:

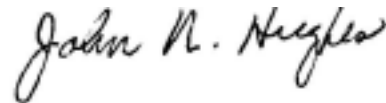
1. The notice furnished by Northeast Woodford **substantially complies** with the requirements of 807 KAR 5:011, Section 8. **(Emphasis added)**

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.”

Given the minor 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 published notice be accepted, that the application be deemed in substantial compliance with all filing requirements and that the case be docketed for review.

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