

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

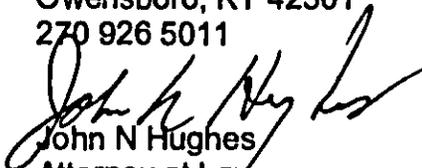
APPLICATION OF ATMOS ENERGY )  
CORPORATION FOR APPROVAL OF THIRD ) CASE NO. 2013-00434  
PARTY NATURAL GAS SUPPLY AND ASSET )  
MANAGEMENT AGREEMENT AND FOR A )  
DEVIATION FROM THE PRICING REQUIREMENTS )  
OF KRS 278.2207 )

RECEIVED  
FEB 11 2014  
PUBLIC SERVICE  
COMMISSION

**Atmos Energy Corporation's Responses**

Submitted By:

Mark R Hutchinson  
Attorney at Law  
611 Frederica Street  
Owensboro, KY 42301  
270 926 5011

  
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Frankfort, KENTUCKY 40601  
502 227 7270

Attorneys for Atmos Energy Corporation

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

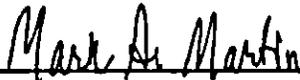
IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY CORPORATION  
FOR APPROVAL OF THIRD PARTY NATURAL GAS  
SUPPLY AND ASSET MANAGEMENT AGREEMENT  
AND FOR A DEVIATION FROM THE PRICING  
REQUIREMENTS OF KRS 278.2207

Case No. 2013-00434

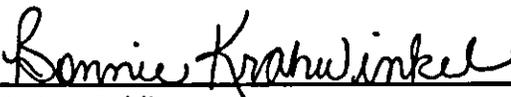
AFFIDAVIT

The Affiant, being duly sworn deposes and states that the attached Responses to the Commission's Data Requests, are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Mark A. Martin

STATE OF KENTUCKY  
COUNTY OF DAVIESS

The foregoing Instrument was acknowledged before me by Mark A. Martin on this the 11<sup>th</sup> day of February, 2014.

  
\_\_\_\_\_  
Notary Public  
Notary ID#: 468481  
..... 2-20-14

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

**IN THE MATTER OF:** )  
 )  
 **APPLICATION OF ATMOS ENERGY** ) **Case No.**  
 **CORPORATION FOR APPROVAL OF THIRD** ) **2013-00434**  
 **PARTY NATURAL GAS SUPPLY AND ASSET** )  
 **MANAGEMENT AGREEMENT AND FOR A DEVIATION** )  
 **FROM THE PRICING REQUIREMENTS OF KRS 278.2207** )

**PETITION FOR CONFIDENTIALITY OF INFORMATION BEING FILED  
WITH KENTUCKY PUBLIC SERVICE COMMISSION IN RESPONSE TO DATA  
REQUESTS OF COMMISSION STAFF**

Atmos Energy Corporation ("Atmos" or "Company"), respectfully petitions the Kentucky Public Service Commission ("Commission"), pursuant to 807 KAR 5:001, Section 7, and all other applicable law, for confidential treatment of a portion of the information being provided in response to the Initial Data Requests of Commission Staff to Atmos dated January 18, 2014 which are attached hereto. In support of this Petition, Atmos states as follows:

1. In its Initial Data Request 1, Commission Staff requested a detailed description of the current gas supply agreement with Twin Eagle Resource Management, LLC. The detailed description is contained in the Confidential Transaction

Confirmation which is herein provided in response to this Data Request. This document contains sensitive and confidential information and is entitled to be filed confidentially. The Commission has historically provided confidential treatment to gas supply agreements. See e.g., KPSC cases 97-513, 2002-00245, 2006-00194 and 2011-00201.

2. In Data Request 2, Commission Staff requested a copy of the RFP issued September 12, 2013. Neither the RFP, nor the identities of entities reviewing the on-line proposal, are confidential. However, the remaining information contained in the Company's response is entitled to confidential treatment. The confidential information consists of: the four proposals received by Atmos;(the identity of the bidders should be kept confidential because it could affect future bidding; i.e. if a potential bidder knew that only a few bids are being submitted or if they knew the identity of who has bid in the past, such information could affect the amount they are willing to bid) the comparative cost analysis of the proposals received by Atmos; and the confidential recommendation summary. In accordance with the RFP, the Company assured bidders that reasonable care would be exercised so the proposal data would not be disclosed or used without the respondent's permission, except to meet regulatory filing requirements. Further, Atmos stated that "such data filed for regulatory requests shall be filed as confidential information".

As to the analysis Atmos performed to determine the best bid, the Commission has consistently provided it confidential protection. See, e.g. KPSC cases 2002-00245 and 2006-00194. Confidentiality was granted for all information relating to

pricing of bids and calculations of dollar savings. The Company requests that the names of the parties supplying the bids be deemed confidential. The Company is requesting confidentiality of those elements of the analysis dealing with the pricing provisions of each bid.

The Company is providing a computation estimating gas cost savings under the new contract and compares the savings to those that might be achieved under the competing proposals submitted in the RFP process. Details of pricing provisions for the new and previous contracts are entitled to confidential treatment.

KRS requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from this requirement are provided in KRS 61.878(1). KRS 61.878(1)(c)(1) exempts commercial information, confidentially disclosed to the Commission which is made public would permit an unfair commercial advantage to competitors of the parties from whom the information was obtained. To qualify for the exemption, actual competition must be demonstrated, as well as a likelihood of substantial competitive injury if the information is publicly disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

As the Commission is well aware, Atmos must compete for both gas supply and gas transportation services in the deregulated world of natural gas procurement and transportation. Disclosure of the information sought to be protected in this Petition would allow Atmos' competitors to gain confidential information about Atmos' gas purchasing and transportation costs and strategies. This information would enable

competitors to identify Atmos' low cost supplier and if the attached information contains terms more favorable than theirs, they could, and would, attempt to outbid or otherwise interfere with Atmos and its gas supplier. It would also enable those competitors to negotiate similar terms with other gas suppliers, thereby depriving Atmos of the commercial benefits it enjoys by negotiating the attached gas supply agreement.

Additionally, to the extent that Atmos chooses or is compelled, in the future, to purchase gas supply or transportation services from other suppliers or potential suppliers, disclosure of the information contained in the attached contract would reveal the prices and terms Atmos has agreed to pay for gas supply and transportation services. Suppliers with that information, who might otherwise offer a lower price, would have no incentive to offer any price lower than that currently being paid by Atmos.

Except for the parties to the RFP process or the AEM Agreement, the information sought to be protected is not known outside Atmos and is not disseminated within Atmos except to those employees with a legitimate business need to know and act upon the information.

The Company's RFP promised that parties would keep the bid information confidential. This provision recognizes that the parties could be competitively damaged if the terms of their proposals were made publicly available to their competitors including specifically those unregulated competitors who would have no corresponding requirement to make a public disclosure of the terms of their gas supply agreements.

Pursuant to 807 KAR 5:001, Section 7(3), temporary confidentiality of the

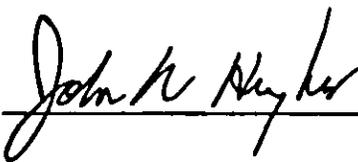
attached agreement should be maintained until the Commission enters an order as to the Petition. Atmos requests that the information be maintained as confidential indefinitely. Once the order regarding confidentiality has been issued, Atmos would have twenty (20) days to seek alternative remedies pursuant to 807 KAR 5:001, Section 7(4).

WHEREFORE, Atmos petitions the Commission to treat as confidential the information referenced herein and attached hereto in its entirety, which is included in the attached as "CONFIDENTIAL".

Respectfully submitted this 11<sup>th</sup> day of February, 2014.

Mark R. Hutchinson  
WILSON, HUTCHINSON, POTEAT  
AND LITTLEPAGE  
611 Frederica Street  
Owensboro, Kentucky 42301

John N. Hughes  
124 West Todd Street  
Frankfort, Kentucky 40601  
502-227-7270  
No Fax  
[jnhughes@fewpb.net](mailto:jnhughes@fewpb.net)

By:  \_\_\_\_\_

CERTIFICATE OF SERVICE

I hereby certify that on the 11<sup>th</sup> day of February, 2014, the original of this Petition, with the Confidential information for which confidential treatment is sought, together with ten (10) copies of the Petition without the confidential information, were filed with the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602, by hand delivery.

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

Atmos Energy Corporation  
Kentucky  
Case No. 2013-00434  
Commission Staff Data Request dated  
January 28, 2014  
DR Item 1  
Witness: Mark A. Martin

**Data Request**

1. Refer to page 1 of Atmos' Application. Describe in detail the current gas supply agreement with Twin Eagle Resource Management, LLC relating to the Tennessee Gas Pipeline portion of Atmos' natural gas supply.

**RESPONSE:** Attached is the Confidential Transaction Confirmation with our current asset manager, Twin Eagle Resource Management, LLC, which describes in detail the current agreement.

CONFIDENTIAL

**Atmos Energy Corporation  
Kentucky  
Case No. 2013-00434  
Commission Staff Data Request dated  
January 28, 2014  
DR Item 2  
Witness: Mark A. Martin**

**Data Request**

**2. Refer to pages 1 and 2 of Atmos' Application. Provide Atmos' Request for Proposal ("RFP") issued September 17, 2013; a separate list of the entities that reviewed the online RFP; the four proposals received by Atmos'; and the comparative cost analysis of the proposals received by Atmos; and the comparative cost analysis of the proposals prepared by Atmos, in Excel format if available.**

**RESPONSE: Attached you will find the Atmos RFP issued September 17, 2013; a list of the suppliers who viewed the Atmos TGP RFP as well as the four Confidential proposals received, the Confidential comparative cost analysis and the Confidential Recommendation Summary. The comparative cost analysis is being provided in Excel format.**

## NON-CONFIDENTIAL RESPONSES

September 17, 2013

**RE: Request for Proposal  
Asset Manager & Gas Supply Requirements**

Atmos Energy Corporation is seeking proposals for firm gas commodity requirements and management of the transportation/storage contracts serving our Tennessee Gas Pipeline (TGP) Kentucky area. Attached are proposal guidelines and attachments with supply requirements, receipt point capacity and estimated usage.

Proposals should be sent to Riney Hancock, CPAs (on behalf of Atmos) and must be received by 4:00 P.M Central Time on Wednesday, October 16, 2013. Atmos will evaluate the proposals received, and all respondents to this RFP will be notified whether or not they are selected as the asset manager.

We look forward to receiving your proposal.

Sincerely,

**90m StiffitA**

Kim Griffith  
Gas Supply Representative

**ATMOS ENERGY CORPORATION  
GAS SUPPLY REQUEST FOR PROPOSAL ("RFP")  
FOR NATURAL GAS SUPPLY AND ASSET MANAGEMENT  
KENTUCKY SERVICE AREA- TENNESSEE GAS PIPELINE  
September 17, 2013**

**1. RFP Overview**

Atmos Energy Corporation ("Atmos") is seeking proposals from qualified suppliers to provide firm natural gas commodity requirements and asset management of its transportation and storage contracts for its Kentucky service area served by Tennessee Gas Pipeline (TGP). Proposals should be submitted on the attached Bid Form, Attachment A. The term of the agreement will commence on April 1, 2014 and continue for a 12 month period through March 31, 2015.

**ALL PROPOSALS MUST BE PREPARED IN ACCORDANCE WITH RFP  
REQUIREMENTS AND MUST BE RECEIVED IN WRITTEN FORM ON OR  
BEFORE WEDNESDAY, OCTOBER 16, 2013, BY 4:00 PM CENTRAL TIME.**

**2. RFP Communication**

Atmos RFPs are issued electronically via the Atmos Energy RFP website. Potential bidders should register to view and receive electronic notification of Atmos' RFPs through the Atmos Energy website at <https://www.atmosenergy.com/cs/gassupply/> and click on "Register."

Any requests for additional information not contained in this RFP are required in writing. Requests should be submitted via the Atmos RFP website. Responses to reasonable requests, at Atmos' sole discretion, will be available for viewing by all registered parties via the Atmos RFP website. The identity of the party requesting additional information will be kept confidential. In order to submit a question, please click on the "Questions and Answers for this Activity" link corresponding with this RFP and type in the question. Questions should be submitted no later than Monday, October 7, 2013. Responses will be posted on the Atmos RFP website as soon as possible, but no later than Wednesday, October 9, 2013. Interested parties are encouraged to visit the website periodically throughout the RFP open period for updated postings.

**3. Background**

**Kentucky Service Area — TGP**

The pipeline delivering to this service area is Tennessee Gas Pipeline (TGP). Upstream of its Service Area, Atmos has a combination of year-round, sculpted, and winter firm transportation and storage capacity to provide for its system requirements (see Attachment B, Pipeline Contract Summary). Maximum winter deliverability to this Kentucky service area is 38,500 Dth/d. Atmos' Kentucky weather normalized annual purchase requirements on TGP are approximately 2.4 Bcf for system supply. Projected purchase volumes are provided to assist you in the preparation of your proposal. These volumes are informational only and may or may not be

indicative of future requirements (see Attachment C, Winter/Summer Gas Supply Plans). Atmos' Kentucky annual thru-put on TGP is approximately 4.3 Bcf, of which 44% is attributable to third party transportation customers.

### **Assets Provided by Atmos to Asset Manager**

Atmos' TGP Kentucky service area currently has one FT-G small customer firm transportation contract, one FT-A firm transportation contract, as well as an FS-MA and an FS-PA firm storage contract. There will also be available a winter-only FT contract of approximately 2,500 Dth/d, with receipts north of Greenville Mississippi and a delivery point at our KY citygate of Harrodsburg. Please see the description of the contracts provided in Attachment B, Pipeline Contract Summary. To the extent allowed by applicable pipeline tariffs and regulations and subject to the terms of any applicable service agreements, Atmos will release on a recallable basis its transportation and storage capacity and will transfer its storage inventory to the asset manager subject to the asset manager's obligation to provide full requirements to Atmos' distribution systems as operations dictate. Demand charges associated with the zero rate capacity releases will be billed directly to Atmos by the pipeline. The asset manager will bill Atmos for fuel and transportation commodity charges associated with providing deliveries to Atmos' city gates for Atmos' requirements using the least cost receipt and delivery points per the contracts (see Attachment B).

### **Balancing TGP**

The difference between Atmos' TGP FOM baseload purchases plus incremental quantities less sellbacks and the Company's actual usage will be balanced on paper by the asset manager utilizing the TGP FS-MA storage contract. Regardless of how the asset manager physically balances the system, the asset manager will track the billable paper FS-MA inventory as if that contract takes the swing. The asset manager will track the billable paper FS-PA storage activity and inventory in accordance with the Atmos billable plan storage injections and withdrawals per the TGP-KY Gas Supply Plan (see Attachment C), as adjusted by Atmos with monthly updates. The transportation customers are kept whole to their nominations and balance on Atmos' storage. The asset manager shall track and report the paper and physical storage inventory balances as further described in Attachment D, General Items for Kentucky Service Area.

### **4. Form of Agreement**

The agreement will be on the standard 2006 form of Base Contract for the Sale and Purchase of Natural Gas published by the North American Energy Standards Board (NAESB). The NAESB will also include Atmos' special provisions (see Attachment E), additional special provisions that may be mutually agreed upon, and a transaction confirmation specifically incorporating the terms and conditions herein specified (or as otherwise set forth in a successful proposal) and pricing contained in the successful proposal. Existing suppliers who already have an executed base contract may continue under the existing contract.

## **5. Asset Management**

The transaction with the asset manager is intended to qualify as an "Asset Management Arrangement" as defined in the Federal Energy Regulatory Commission's ("Commission") Order No. 712 and its regulations, as amended, set out in 18 CFR §284.8. All releases of FERC jurisdictional storage and transportation capacity under the Agreement shall conform to FERC's definition of an Asset Management Agreement, including the required conditions and delivery obligations, shall be non-biddable, pre-arranged releases and shall be made in a manner consistent with (a) the FERC's capacity release regulations, and (b) applicable pipeline tariffs. The capacity released will be for the term of this agreement or if shorter, the term of the associated contracts as detailed on Attachment B, Pipeline Contract Summary and will be fully recallable. The final transaction confirmation will include the following language:

**"The capacity may be recalled immediately upon (i) a breach that leads to the termination of the Asset Management Arrangement; (ii) failure by asset manager to fulfill its delivery obligations subject to the terms and conditions of the Asset Management Arrangement; or (iii) the mutual agreement of the parties."**

The asset manager will be obligated to provide all firm system supply requirements on any and every day of the term up to the applicable daily contract demand of Atmos' released capacity. Furthermore, the selected asset manager will be responsible for the management of pipeline capacity and storage contracts, in accordance with gas supply plans provided by Atmos. The asset manager will be responsible for making all nominations to the pipeline for flowing gas. Management of pipeline imbalances and contract imbalances is included in this asset management service.

The asset manager will have the right to deliver quantities to Atmos utilizing transportation and/or storage service other than the managed capacity provided that (i) there will be no reduction in service, quantity or reliability to Atmos, and (ii) there will be no pricing change for the service delivered by the asset manager. The asset manager will invoice and pass through commodity and fuel costs to Atmos pursuant to the transportation routes and storage activity using the quantities and transportation/storage capacity specified in Atmos' plan requirements and the pricing set forth in the agreement between Atmos and the asset manager regardless and separate from actual transportation and storage physical activity.

The asset manager selected is responsible for any penalties or incremental costs associated with non-compliance with any rule, regulation, tariff provision of any Federal, State, or local governing entities including asset manager's election to deviate from the company provided planned flowing and storage gas injections and/or withdrawal requirements. In addition, the asset manager will be responsible for any penalties or incremental costs incurred by Atmos when asset manager does not comply with tariff provisions and/or operational flow orders issued, either by the transportation service provider or by Atmos as defined in the final contract.

## **6. Performance and Supply Requirements**

All gas supply is to be firm, assuring that natural gas supply services will meet all contractual obligations without fail.

When reasonable grounds for insecurity of performance arise, Atmos may demand adequate assurance of performance. Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by Atmos, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to Atmos, a performance bond or a guarantee by a creditworthy entity. Atmos may, from time to time, request such credit information as may reasonably be required to determine the creditworthiness of the asset manager.

Asset Manager may use any alternate receipt points to supply gas, but asset manager is responsible for incremental transport charges as a result of alternate points. Also, the asset manager must provide gas at primary receipt points when secondary points are curtailed.

Asset manager shall dispatch gas to Atmos using the least cost supply first (including variable transportation and fuel costs), acting in the best interest of Atmos at all times. Atmos may request documentation substantiating optimal dispatching and provide such documentation in response to regulatory requests. In bidding on this RFP, asset manager indicates understanding and acceptance of this requirement.

Atmos will notify the asset manager of its first-of-month ("FOM") baseload gas requirements ("Billable Plan") within five (5) business days before the beginning of any month. Monthly purchase volumes will be determined and billed based on the Atmos plan as adjusted. Physical volumes on Atmos' transportation and storage agreements/facilities may vary based on the asset manager's utilization of the assets. The asset manager shall provide monthly support for billed volumes and measured volumes on transportation and storage agreements. Atmos will be obligated to take the FOM baseload quantity everyday of the applicable month. The difference between the FOM plan purchases plus incremental quantities plus plan storage withdrawals and the actual Atmos usage swings on the "paper" inventory tracking account. Atmos will have the right to call for firm incremental quantities on a daily basis, including weekends and holidays, up to the full MDQ by providing the asset manager notice no later than 8:00 A.M. Central Time on the business day prior to flow.

It is the asset manager's responsibility to provide daily written communication on how the firm requirements are being met. The asset manager must provide Atmos' Gas Control department with a summary nomination worksheet, Attachment F Gas Control Nom Sheet, containing the current day nominations plus nominations for the next five days. This worksheet shall be provided every weekday (except holidays) regardless, even if there are no changes. Nominations must reach Atmos' Gas Control by 2:00 pm Central Time either via email at gcontrol@atmosenergy.com or via fax at 615.790.9337.

## **7. Proposal Content**

The following information may be required to be considered responsive to this RFP unless the proposing entity can clearly demonstrate that such information is not applicable to its circumstance. Any additional information that the supplier considers useful for Atmos to evaluate its proposal will be considered. Atmos may request additional information at a later date to assist in the decision making process.

### **Respondent Information**

- Name and address of supplier
- Name, phone, and email of contact person for this proposal
- Evidence of supplier's knowledge and experience in providing service proposed
- Evidence of supplier's financial viability to provide the service proposed
- Business References

### **Respondent Term and Conditions**

Respondent must provide any NAESB special provisions, and/or any required changes to Atmos' special provisions. Respondent must provide any special terms required in the transaction confirmation.

Proposals should be structured to provide firm gas supplies up to the maximum contract quantity indicated in Attachment B, Pipeline Contract Summary. Proposals should present firm commodity sales based upon the pricing methodology described below:

### **Commodity Pricing**

- First-of-month baseload purchases should be index based pricing, at a price equal to the simple average of the following two indices, flat, plus (+) a premium or minus (-) a discount:
  - The ***"Inside FERC's Gas Market Report"*** first-of-the-month posting for Tennessee Gas Pipeline Co. — Louisiana, 500 Leg.
  - The New York Mercantile Exchange, **NYMEX Henry Hub last day** settlement price for the applicable business month of flow.
- Incremental purchases, in excess of the first-of-month baseload purchase volumes, should be priced at the **Gas Daily, Daily price survey midpoint index for Louisiana-Onshore South, Tennessee 500 Leg**, flat, plus (+) a premium or minus (-) a discount.
- Bids shall include pricing for Atmos to sell FOM supply back to the asset manager at a price equal to the **Gas Daily, Daily price survey midpoint index for Louisiana-Onshore South, Tennessee 500 Leg**, flat, plus (+) a premium or minus (-) a discount.
- All charges upstream of Atmos' pipeline contracts receipt points shall be the sole responsibility of the asset manager.

- Bids should specify whether fuel and other variables are included in or are in addition to the bid price.
- Intraday purchases will be at a mutually agreeable price, and confirmed at the time of purchase. If the parties cannot agree on intraday pricing Atmos has the right to purchase intraday gas from other suppliers, and the asset manager is responsible for scheduling the alternative supply.

### **Capacity Utilization Pricing**

The asset manager will have the opportunity to optimize transportation and storage assets, subject to the obligation to utilize these assets to supply Atmos' full system requirements. Value for asset optimization should be proposed in the form of a fixed upfront or periodic payment (proposals should specifically identify this as a Capacity Release/Capacity Utilization credit), or as a discount to index pricing. Value of capacity utilization should be based on all releasable capacity rights that Atmos holds on the associated pipeline, noting any exceptions herein described. The capacity utilization value will not be adjusted due to pipeline OFO's Force Majeure conditions or other general operating limitations. All bids should consider the potential for these operational limitations and adjust the capacity utilization value accordingly.

Bidders are highly encouraged to use the above preferred pricing in their proposal and the bid forms provided (Attachment A). Atmos may consider proposals having alternate index points and other forms of valuation for asset management activities.

### **8. Evaluation Criteria**

The principal criteria on which proposals will be evaluated are as follows: 1) total delivered cost of gas supply over the term of the contract, 2) reliability of the supply, and 3) the financial viability of the respondent. Atmos has the right to consider any other factors that may be relevant to its gas supply needs.

### **9. Evaluation Duration**

The proposal must be valid for fifteen (15) business-days after the submittal deadline.

### **10. Proprietary Data In Proposal**

A proposal may include data which the respondent does not want disclosed to the public or used by Atmos for any purpose other than proposal evaluation. Reasonable care will be exercised so that proposal data is not disclosed or used without the respondent's permission, except to meet regulatory filing requirements. Such data filed for regulatory requests shall be filed as confidential information.

## **11. Rejections of Proposal**

Atmos reserves the right to reject any or all proposals, and to re-solicit for proposals in the event that all proposals are rejected. Any proposal may be modified prior to the submittal deadline by written request of the bidder.

## **12. Submittal Instructions**

Proposals must be received via U.S. Mail, Courier Service or hand delivered in a sealed envelope marked as indicated below, on or before **Wednesday, October 16, 2013, by 4:00 P.M. Central Time**. No proposal will be opened prior to the stated deadline. Any proposals received after the stated deadline will be returned unopened.

Proposals should be marked externally as "**Proposal for Natural Gas Supply and AMA (Atmos Kentucky-TGP)**" and mailed to:

Adam Hancock, CPA, CVA  
Riney Hancock CPAs PSC  
2900 Veach Road Suite #2  
Owensboro, KY 42303

**ATTACHMENT A  
Atmos Energy Corporation - Bid Form  
Kentucky/Mid-States Division - TGP Area**

Bidding Company: \_\_\_\_\_ Contact Name : \_\_\_\_\_  
 Contact Phone #: \_\_\_\_\_  
 Contact Email: \_\_\_\_\_

**Index Based Commodity Bid**

Comments/other rates \*

<b>Base Load Supply:</b>				
Tennessee Gas Pipeline	(IFERC TGP La, 500 leg + NYMEX Close) / 2	_____	_____	_____
		_____	_____	_____
		_____	_____	_____
<b>Sell Backs:</b>				
Tennessee Gas Pipeline	Gas Daily Daily Louisiana-Onshore South, Tennessee, 500 Leg Midpoint	_____	_____	_____
		_____	_____	_____
<b>Incremental Supply:</b>				
Tennessee Gas Pipeline	Gas Daily Daily Louisiana-Onshore South, Tennessee, 500 Leg Midpoint	_____	_____	_____
		_____	_____	_____
		_____	_____	_____

\*If there are any incremental demand charges or fuel, please note in comment section.

Proposal may offer value for capacity optimization in the form of a discount to index commodity bid in lieu of, or in addition to, a commodity discount, proposal may include a fixed payment bid. The value of the fixed payment should be summarized below.

**Capacity Release/Utilization Annual Value of Fixed Payment Bid**

Annual Amount to Atmos for Asset Manager's fixed optimization payment (to be paid as a fixed upfront or periodic payment or credit): \_\_\_\_\_ annual\*\*  
 \*\* (Positive signifies payment/credit to Atmos, negative signifies a charge to Atmos)

Asset manager must be able to provide gas at primary receipt points when secondary points are curtailed.

Asset manager shall dispatch gas to Atmos using the least cost supply first inclusive of variable transportation and fuel, acting in the best interest of Atmos at all times. Atmos may request documentation substantiating optimal dispatching and provide such documentation in response to regulatory requests. In bidding on this RFP, asset manager indicates understanding and acceptance of this requirement.

**ATTACHMENT B**

**ATMOS ENERGY CORPORATION  
PIPELINE CONTRACT SUMMARY**

**Tennessee Gas Pipeline - Firm Storage Service**

Rate						RECEIPTS		DELIVERIES		Comments	
Schedule	Contract #	Termination	Notice	Zone	1m	Primary Receipt Pt	MDIQ	Zone Leg	Primary Delivery Pt		MDWQ
IFS-MA	2383	3/31/2019	1 year	01	100	060025 Portland Storage Injection	6,026	01	100 070025 Portland Storg W/D	18,784	MSQ 903,859 MMBtu No ratchets per contract
		Evergreen									
ES-PA	2384	3/31/2019	1 year	01	100	060020 Portland Storage Injection	2,731	01	100 070020 Portland Storg W/D	2,914	MSQ 409,679 MMBtu No ratchets per contract
		Evergreen									



## Attachment C

Atmos Energy Corporation  
 TGP-KY Gas Supply Plan  
 Projected Summer 2014  
 All Volumes MMBTU

Tennessee Gas Area	30		31		30		31		31		30		31		214
	Apr-14, Monthly	Daily	May-14 Monthly	Daily	Jun-14 Monthly	Daily	Jul-14 Monthly	Daily	Aug-14 Monthly	Daily	Sep-14 Monthly	Daily	Oct-14 Monthly	Daily	Summer Total
<b>Total Requirements</b>	<b>157,054</b>	<b>5,235</b>	<b>77,890</b>	<b>2,513</b>	<b>54,941</b>	<b>1,831</b>	<b>50,738</b>	<b>1,837</b>	<b>50,437</b>	<b>1,627</b>	<b>58,368</b>	<b>1,946</b>	<b>114,628</b>	<b>3,698</b>	<b>564,056</b>
FS-MA Storage inj.	116,210	4,990	116,210	4,830	116,210	4,990	116,210	4,830	116,210	4,830	116,210	4,990	116,210	4,830	813,472
FS-PA Storage inj.	52,673	640	52,673	620	52,673	640	52,673	620	52,673	620	52,673	640	52,673	620	368,711
<b>Total Injections</b>	<b>168,883</b>	<b>5,630</b>	<b>168,883</b>	<b>5,450</b>	<b>168,883</b>	<b>5,630</b>	<b>168,883</b>	<b>5,450</b>	<b>168,883</b>	<b>5,450</b>	<b>168,883</b>	<b>5,630</b>	<b>168,883</b>	<b>5,450</b>	<b>1,182,183</b>
<b><u>TOTAL PURCHASES</u></b>	<b>325,937</b>	<b>10,865</b>	<b>246,773</b>	<b>7,960</b>	<b>223,624</b>	<b>7,461</b>	<b>219,621</b>	<b>7,085</b>	<b>219,321</b>	<b>7,075</b>	<b>227,252</b>	<b>7,575</b>	<b>283,512</b>	<b>9,146</b>	<b>1,746,239</b>

**Asset Manager should assume beginning storage inventories on April 1, 2014 of 5% of the MSQ on all storage contracts.**

Note: Purchases reflect storage activities; Purchases are the delivered volumes net of fuel.

**Attachment C**

Atmos Energy Corporation  
 TGP-KY Gas Supply Plan  
 Projected Winter 2014-2015  
 All Volumes MMBTU

Tennessee Gas Area	30		31		31		28		31		151 Winter Total
	Nov-14 Monthly	Daily	Dec-14 Monthly	Daily	Jan-15 Monthly	Daily	Feb-15 Monthly	Daily	Mar-15 Monthly	Daily	
<b>Total Requirements</b>	<b>247,234</b>	<b>8,241</b>	<b>423,770</b>	<b>13,670</b>	<b>495,840</b>	<b>15,988</b>	<b>393,184</b>	<b>14,042</b>	<b>294,731</b>	<b>9,507</b>	<b>1,854,559</b>
FS-MA Storage w/d	99,424	3,314	180,772	5,831	253,081	8,164	180,772	6,456	99,424	3,207	813,473
FS-PA Storage w/d	73,254	2,442	75,696	2,442	75,696	2,442	68,370	2,442	75,696	2,442	368,711
<b>Total Withdrawals</b>	<b>172,678</b>	<b>5,756</b>	<b>258,467</b>	<b>8,273</b>	<b>328,776</b>	<b>10,606</b>	<b>249,142</b>	<b>8,898</b>	<b>175,120</b>	<b>5,649</b>	<b>1,182,184</b>
<b>TOTAL PURCHASES</b>	<b>74,556</b>	<b>2,485</b>	<b>167,302</b>	<b>5,397</b>	<b>168,864</b>	<b>5,383</b>	<b>144,041</b>	<b>5,144</b>	<b>119,611</b>	<b>3,858</b>	<b>672,375</b>

Note : Purchases reflect storage activities; Purchases are the delivered volumes net of fuel.

	MSQ	MDWQ
FS-MA	903,859	19,784
FS-PA	409,679	2,914

## Attachment D

### General Items for Kentucky Service Area

- ◆ Certain assets may be unused after asset manager has supplied Atmos' full gas supply requirements, asset manager is willing to assume the obligations and risks that may lead to financial loss which accompany the potential for financial gain in connection with the value optimization of such otherwise unused assets.
- ◆ Asset manager acknowledges that it is paramount in its role as asset manager, that it would not impair or adversely affect, under any circumstances the reliability of Atmos' system or service to its customers through any action or inaction.
- ◆ Asset manager shall dispatch gas to Atmos using the least cost supply first, acting in the best interest of Atmos. Atmos may request documentation substantiating optimal dispatching and provide such documentation in response to regulatory requests. Bidding on this RFP indicates understanding and acceptance of this requirement.
- ◆ **Asset manager's rights to storage and associated transportation are secondary to Atmos' rights.**
- ◆ "Regulatory Out" language must be included in the agreement addressing the potential of regulations which may render the agreement illegal or unenforceable or materially adversely affecting the ability of Atmos or the asset manager to perform this agreement. For either Party:
  1. a court or governmental agency with jurisdiction (including without limitation the Kentucky Public Service Commission or the Federal Energy Regulatory Commission) reverses, withdraws or otherwise modifies, with a result unacceptable to such party in its sole discretion, any applicable law, regulation order, ruling, opinion or other determination believed to be necessary to proceeding with the transactions contemplated under the Agreement;
  2. such change causes the impacted Party to incur any material capital or operating cost, or loss of opportunity, related to the provision or receipt of services contemplated herein, or performance according the terms of the agreement would be in violation of any applicable law, regulation, order, ruling or opinion, and
  3. the Parties are unable, after good faith negotiations, to renegotiate the Agreement to comply with such reversal, withdrawal or modification and maintain the same level of service or benefit.

For the asset manager: if a court or governmental agency with jurisdiction determines that the asset manager is subject to the jurisdiction of the Kentucky Public Service Commission as a result of the execution, delivery or performance of any Agreement.

- ◆ The selected asset manager is responsible for any penalties or incremental costs associated with non-compliance with any rule, regulation, or tariff provision of any Federal, State or local governing entities including asset manager's election to deviate from Atmos' planned flowing and storage gas injections and/or withdrawal requirements. In addition, the asset manager shall bear sole financial responsibility, and shall pay to the applicable pipeline company (or reimburse Atmos if required to pay) any imbalance or overrun penalty, cost, charge, or cash-out cost (collectively referred to in this Agreement as an "Imbalance Charge") assessed as a result of an over-delivery or under-delivery of gas. Failure to do so could result in the cancellation or termination of any contract entered into as a result of the award at Atmos' sole discretion. Furthermore, should Atmos elect to terminate the agreement, the asset manager will be responsible for any and all costs, including any price differentials and reasonable legal fees associated with Atmos replicating the contracted service with a replacement counterparty. All penalties imposed by any pipeline under this agreement due to the actions (or inaction) of the asset manager will be the responsibility of the asset manager.
- ◆ The asset manager will also be required to provide routine and timely documentation of all transactions, utilizing Atmos' assets including but not limited to, contracts, volumes, rates, offers made, offers rejected. The asset manager shall maintain documents and records of all transactions that utilize Atmos' gas supply assets. All documents and records of such transactions shall be retained for two years after termination of the agreement and shall be subject to review and examination by Atmos and any applicable regulatory authority having jurisdiction. Asset manager shall comply with all applicable federal and state laws, regulations and orders of regulatory authorities having jurisdiction in connection with its performance of its obligations under the agreement, the use and management of the managed assets and the supply of commodity to Atmos.
- ◆ For asset management, actual requirements, during each month, will result in variances from the initial Plan storage estimates. Asset manager will track and report Atmos' "paper" storage inventory balances and the physical storage inventory balances during the Term in order to administer injections and withdrawals made on paper for billing purposes and the physical injections and withdrawals made by the asset manager. The "paper" inventory injections and withdrawals will be calculated each day based on the difference between the quantities scheduled and confirmed by the asset manager (purchased by Atmos Energy) on that day and the quantity metered at the City Gate excluding third party transportation quantities. Asset manager and Atmos Energy will have weekly progress communications to review such quantities and inventory levels. During each month, Atmos will review the variance in the estimated storage levels resulting from actual requirements and the gas purchased, per the Gas Purchase Plan, for the current month. This evaluation may result in a change to the planned purchases for the subsequent months. Atmos will advise the asset manager of changes, if any, to the planned purchases for the upcoming month not later than five (5) business days prior to the beginning of the next flow month.

- ◆ For operational purposes, the Physical and Plan Storage inventory levels must be at the appropriate levels at the beginning of each winter season to ensure reliability of supply.

**SPECIAL PROVISIONS ATTACHED TO AND FORMING PART OF THE  
BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS**

Dated \_\_\_\_\_, 20\_\_

By and between

\_\_\_\_\_ and \_\_\_\_\_  
and

**Atmos Energy Corporation**

If any term of these Special Provisions conflicts with any term of the Base Contract, these Special Provisions shall govern. Any definition used in the Base Contract, unless otherwise defined in these Special Provisions, shall have the same meaning herein.

Any reference herein to "General Terms and Conditions" shall mean the document attached to and forming part of the Base Contract entitled "General Terms and Conditions Base Contract for Sale and Purchase of Natural Gas" and setting forth the General Terms and Conditions of the agreement between the parties.

Any reference to a Section in these Special Provisions refers to the same Section of the General Terms and Conditions to the Base Contract.

**SECTION 1. PURPOSE AND PROCEDURES**

The second and third sentences of Section 1.2 are deleted and replaced with the following:

A binding agreement for the purchase and sale of natural gas shall be formed and effectuated between the parties upon the parties' agreement on Contract Price, Contract Quantity, Delivery Period and Delivery Point(s) ("Minimum Contract Terms"). Such binding agreement may be made by an oral offer (whether by telephone, in-person or otherwise) and by oral acceptance (whether by telephone, in-person or otherwise).

The following shall be added as the last sentences of Section 1.2:

In the absence of a written Transaction Confirmation that the parties have signed or are deemed to have accepted, any evidence may be used to establish the terms of a transaction, including, without limitation, any recording of a conversation, oral testimony, data in a computer system, trade tickets, instant message, and written notes. **THE PARTIES HEREBY WAIVE ALL PROVISIONS OF ANY APPLICABLE STATUTE OF FRAUDS WITH RESPECT TO ANY TRANSACTIONS SUBJECT TO THIS CONTRACT; PROVIDED HOWEVER, AMENDMENTS TO THE CONTRACT MUST BE IN WRITING AND SIGNED BY THE PARTIES.** The parties agree not to contest or assert a defense to the validity or enforceability of transactions entered into orally under laws relating to whether certain agreements are to be in writing or signed by the party to be thereby bound.

**SECTION 2. DEFINITIONS**

Delete the existing Section 2.8 and substitute the following:

2.8. "Confirming Party" shall mean the party as designated below to prepare and forward Transaction Confirmations to the other party.

Confirming Party shall be Party B with respect to any transactions between Party A and Party B's Mid-Tex Division, which is limited to gas purchases in Texas and includes all purchases into Atmos Pipeline Texas.

Confirming Party shall be Party A with respect to any transactions between Party A and any Division of Party B other than its Mid-Tex Division.

Delete the existing definition in Section 2.13 and substitute the following:

2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a performance bond, guaranty, accelerated payment or other mutually acceptable form of security.

## Attachment E

Delete the first sentence of Section 2.31 and substitute the following:

2.31. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the Index agreed to by the parties for the relevant Day or if the listed index is not based on Gas Daily, then the Gas Daily index that is closest in proximity and commercially reasonable as compared to the index agreed to by the parties; provided, if there is no single price published for said index for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low price. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

Delete Section 2.32 and substitute the following:

2.32. "Transaction Confirmation" shall mean a writing similar to the form of Exhibit A setting forth, at minimum, the Contract Price, Contract Quantity, Delivery Period and Delivery Point(s).

### SECTION 3. PERFORMANCE OBLIGATION

The following new Section 3.5 is added:

3.5. Notwithstanding anything in this Contract to the contrary, in the event: (i) a transaction has a Firm obligation; (ii) as a result from an event of Force Majeure Seller is unable to sell and deliver, or Buyer is unable to purchase and receive, the Contract Quantity for such transaction; (iii) the Delivery Period for such transaction is at least one month; and (iv) the Contract Price is a Fixed Price (as defined below), then

a. If the FOM Price (as defined below) is above the Fixed Price, Seller will pay Buyer, for each MMBtu of Gas not delivered and/or received, the difference between the FOM Price and the Fixed Price.

b. If the FOM Price is below the Fixed Price, Buyer will pay Seller, for each MMBtu of Gas not delivered and/or received, the difference between the Fixed Price and the FOM Price.

For purposes of this Section 3.5, the "Fixed Price" means the Contract Price for a transaction that is expressed as a set amount. Fixed Price includes prices that were converted from an index-based price or a NYMEX basis to a set amount upon the agreement of the parties.

For purposes of this Section 3.5, the "FOM Price" means the price per MMBtu, stated in the same currency as the transaction subject to such Force Majeure event, for the first of the month of delivery as published in the Inside FERC Gas Market Report (or other mutually agreed to publication) for the specific index agreed to by the parties.

### SECTION 8. TITLE, WARRANTY AND INDEMNITY

Section 8.3 is supplemented by inserting the following as the last two sentences of that section:

Each party shall indemnify, defend and hold harmless the other party against any taxes for which such party is responsible under Section 6. Neither party shall be obligated to indemnify, defend, or hold the other party harmless to the extent any liability, suit, action, damage, loss or expense arises out of or in connection with any intentional act, negligent act or negligent failure to act on the part of the other party, its officers, agents, or employees.

### SECTION 10. FINANCIAL RESPONSIBILITY

Delete the existing Section 10.1 and substitute the following in lieu thereof:

10.1. If either party ("X") has reasonable grounds for insecurity regarding the occurrence of a material change in the creditworthiness of the other party ("Y"), then X may demand "Adequate Assurance of Performance". Adequate Assurance of Performance shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including an accelerated payment, a standby Irrevocable letter of credit (in form and substance and from a commercial U.S. Bank, or U.S. branch of a foreign Bank, acceptable to X in its reasonable discretion), a prepayment, or performance bond or guaranty by an entity that is acceptable to X in its reasonable discretion. The "occurrence of a material change in the creditworthiness of Y" shall mean that Y does not have a Credit Rating or such Credit Rating

## Attachment E

is less than investment grade. "Credit Rating" means, with respect to Y on any date of determination, the respective rating then assigned to its unsecured and unsubordinated long-term debt by Standard & Poor's Ratings Group, a division of The McGraw-Hill, Inc. ("S&P") and/or Moody's Investors Service, Inc. ("Moody's"). If such ratings are assigned by both S&P and Moody's, then its Credit Rating will be the higher of such ratings.

Delete existing (vii) in Section 10.2 and substitute the following in lieu thereof:

"(vii) fail to give Adequate Assurance of Performance under Section 10.1 within five (5) Business Days of a written request by the other party;"

The following sentence is added immediately following the last sentence of Section 10.2:

"If Seller suspends deliveries pursuant to the preceding sentence, then Buyer's obligation to purchase such suspended deliveries will be extinguished."

The following sentence shall be inserted at the end of Section 10.3.1 Early Termination Damages apply:

In addition to all other amounts calculated hereunder, the Defaulting Party shall reimburse the Non-Defaulting Party for reasonable expenses incurred by the Non-Defaulting Party in terminating and liquidating the Terminated Transactions and any related hedges, such as brokerage fees, commissions and other transactional costs, as well as attorneys' fees and expenses incurred by the Non-Defaulting Party during the occurrence and continuation of an Event of Default in connection with the enforcement or the preservation of its rights under this Contract.

## SECTION 11. FORCE MAJEURE

Section 11.2(ii) is deleted and the following is substituted in lieu thereof:

"(ii) abnormal weather-related events affecting an entire geographic region, such as extremely low temperatures which cause freezing or failures of wells or lines of pipe;"

Section 11.2(iii) is modified by inserting after "Transporters" and before the ";" the following:

"as a result of force majeure"

## SECTION 12. TERM

Section 12 shall be modified to delete the second sentence of this section and replace it with the following:

The rights of either party pursuant to: (i) Section 7.6, (ii) Section 10, (iii) Section 13, (iv) Section 15.10, (v) the obligations to make payment hereunder, and (vi) the obligation of either party to indemnify the other pursuant hereto, and Section 15.14 shall survive the termination of this Base Contract or any transaction.

## SECTION 15. MISCELLANEOUS

The following amendments shall be made to Section 15.10.

(i) Beginning on the second line, delete the parenthetical and replace it with the following: "(other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential)".

(ii) Add after "published index" in (v) of this section: "provided, however, that such information does not include the identity of the other party to a Transaction."

(iii) Add the following new sentence to the end of the first paragraph of Section 15.10 after the word "transaction". "With respect to any financial statements provided in connection with the Contract, this obligation shall survive for a period of three (3) years following the date such financial statements were provided to a party."

(iv) The last paragraph of Section 15.10 shall be deleted and the following substituted in lieu thereof:

Attachment E

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, without obligation to notify the other party prior to disclosure.

The following new Sections 15.13, 15.14 and 15.15 are added:

15.13. This Contract shall be considered for all purposes prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the manner in which this Contract was negotiated, prepared, drafted or executed.

15.14. This Section 15.14 applies solely to transactions between Seller and Buyer's Mid-Tex Division. Seller acknowledges its understanding that Buyer's Mid-Tex Division will utilize an intrastate pipeline (i.e. Atmos Pipeline Texas) to transport the Gas after delivery by Seller. Therefore, Seller represents that any such Gas Buyer's Mid-Tex Division utilizes on an intrastate pipeline that is sold and delivered pursuant to this Contract will be transported, prior to delivery to Buyer's Mid-Tex Division, in a manner that would not subject Buyer's Mid-Tex Division's transporter or Buyer's Mid-Tex Division's transporter's facilities to regulation under the Natural Gas Act of 1938 (NGA). If, at any time during the term of this Contract, any act is performed or fails to be performed, that results or will result in Buyer's Mid-Tex Division's transporter or Buyer's Mid-Tex Division's transporter's facilities becoming subject to regulation under the NGA due to transportation of Gas sold and delivered pursuant to this Contract, all deliveries of such Gas will be immediately terminated, and this Contract will be deemed of its own terms to have terminated on the Day before the date of such occurrence; provided, however, such termination will never be construed to impair any rights of the aggrieved party with regard to such breach of contract.

15.15. This Section 15.15 applies solely to transactions between Seller and Buyer's Mid-Tex Division. Notwithstanding the price set forth in the applicable Transaction Confirmation, for any Supply Type designated in a Transaction Confirmation as term or baseload, Buyer's Mid-Tex Division has the ongoing ability to convert the price payable hereunder to a fixed price for all or any portion of the Gas covered by this Agreement in any or all Months during the Period of Delivery; provided that Buyer's Mid-Tex Division and Seller mutually agree on the Final Fixed Price before 12:00 noon central time prior to the close of the New York Mercantile Exchange ("NYMEX") natural gas futures market with respect to the Month(s) during which such Final Fixed Price will be applicable.

For the purposes of this Section, the Final Fixed Price will consist of three components:

- (i) the per MMBtu discount or premium set forth in the applicable Transaction Confirmation;
- (ii) the locational basis differential between Henry Hub and the relevant locational index agreed upon by the Parties (the "Basis Adjustor"); and
- (iii) the applicable NYMEX price.

If the Parties agree to fix the price payable hereunder under the terms of this Section 15.15, the Parties may mutually agree on a Final Fixed Price that is inclusive of all three components without specifically delineating each component.

The Parties may agree to fix the Basis Adjustor and the NYMEX price at the same time, or at different times; however, if Buyer and Seller negotiate a Basis Adjustor to apply during any particular Month(s), but Buyer's Mid-Tex Division does not at the same time elect to set the NYMEX price for such Month(s), and thereafter Buyer's Mid-Tex Division and Seller do not agree to a NYMEX price with respect to such Month(s) before 11:30 a.m. central time prior to the close of the NYMEX natural gas futures market with respect to such Month(s), then Buyer's Mid-Tex Division and Seller will be deemed to have agreed to a Final Fixed Price equal to the final NYMEX settlement price for such Month(s) adjusted for the Basis Adjustor and adjusted for the stated discount set forth above.

**THE PARTIES DO HEREBY REPRESENT AND WARRANT THAT THE GENERAL TERMS AND CONDITIONS OF THE BASE CONTRACT HAVE NOT BEEN MODIFIED, ALTERED, OR AMENDED IN ANY RESPECT EXCEPT FOR THESE SPECIAL PROVISIONS WHICH ARE ATTACHED TO AND MADE A PART OF THE BASE CONTRACT.**

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATMOS ENERGY CORPORATION**  
By: \_\_\_\_\_  
Title: VP, Gas Supply & Services

**Attachment F**

**Atmos Kentucky - TGP  
NOMINATED VOLUMES**

**TO:**  
gcontrol@atmosenergy.com  
phone number (800)-533-4781

**DATE/TIME**

**FROM:**

Company Name  
Fax #:  
Name desk (123) 456-7890  
Email Address: cell (123) 456-7890  
after hours contact: home (123) 456-7890

METER #	POINT NAME	MOU	REVISID (INTRADAY)	IF REVISED INPUT						
			UPDATED (TIMELY)	TIME	YES OR NO	Day of the Week				
					Date	Date	Date	Date	Date	Date
020009	Greensburg					-	-	-	-	-
020010	Campbellsville					-	-	-	-	-
020014	Danville					-	-	-	-	-
020029	Harrodsburg					-	-	-	-	-
020029	Lancaster					-	-	-	-	-
020338	Perryville					-	-	-	-	-
020445	Hustonville					-	-	-	-	-
021000	Simonsen					-	-	-	-	-
TOTAL						-	-	-	-	-

## NON-CONFIDENTIAL RESPONSES

- > Account Center
- > Energy Assistance
- > Energy Conservation
- > Gas Supply
  - > List RFPs
  - > List Calendars
  - > List Maps
- > Questions & Answers
- > Manage User
- > Add RFP
- > User Report
- > RFP Report
- > Admin
- > Contact List
- > Logout

logged in as kgriffith

Current RFPs

Colorado/Kansas

RFP Release Calendar for Colorado/Kansas

Kentucky/MidStates (KY, TN, VA)

viewed by 39



Atmos Energy Corporation - Kentucky AMA (Tennessee Gas Pipeline)

Atmos Energy Corporation is seeking proposals from qualified suppliers to provide firm natural gas commodity requirements and asset management of transportation and storage contracts for its Kentucky service area served by Tennessee Gas Pipeline. The term of this agreement will commence on April 1, 2014 and continue through March 31, 2015.

Issue Date: 08.17.2013
Due Date: 10.16.2013



Tennessee Gas Pipeline Company

Contact: Kim Griffith (515-261-2242 / kimberly.griffith@atmosenergy.com)

Questions & Answers for the Activity

Managers QAs
Viewed by: Rebecca-Suchman, Don Cullum, Steven Weizel, Lisa Atkins, Caroline Clemens, David Moseley, Wade Sadler, Phillip Gleason, Russell Williamson, Rachelle Quarraro, Mark Massett, Drew Cushman, Karen Wheatley, Andrew Zwick, Marc Tronzo, Chad Rowe, John Chick, David Johnson, Gordon Mysaux, J. W. Stanton, Doug Fernley, Troy Davis, Casey Lee, Matt Davidson, Russell Murrell, Stan McDivitt, James White, Robert Arner, Rich Glebeck, Michael Duvall, Jess Zamora, Kevin Humpich, Nicholas Smith, David Hamilton, Scottie, Jeff Schneider, Rob Ellis, Matthew Dutzman, James Black, Clint Hjiten, Hugh Gleason, Clinton Davis, Jim Jesse

RFP Release Calendar for Kentucky/MidStates (KY, TN, VA)



Atmos Energy Corporation KY-

Issue Date: 10.00.2013
Due Date: 10.01.2013

CONFIDENTIAL

**Atmos Energy Corporation  
Kentucky  
Case No. 2013-00434  
Commission Staff Data Request dated  
January 28, 2014  
DR Item 3  
Witness: Mark A. Martin**

**Data Request**

3. Given the corporate structure of Amos Energy Corporation and Atmos Energy Marketing, LLC's ("AEM") subsidiary status, provide a detailed description of the controls, or systems, Atmos has in place to assure that the bid process and subsequent transactions are performed at arm's length as they pertain to AEM.

**RESPONSE:** Atmos contracted with an outside Accounting firm to receive the proposals. The Accounting firm opened the bids on the deadline, emailed the proposals to the Gas Supply Representative and mailed the original proposals. They also reviewed the analysis and Recommendation Summary. Please see attached Atmos Gas Supply Manual for further guidelines to the RFP bid process and subsequent contract approval.

## **Invoice Verification Process**

**Revised October 19, 2011**

### **Transportation Invoices:**

Regional Gas Supply is responsible for reviewing and verifying the rates per the applicable individual pipeline tariffs, available on the pipeline websites. If the Company has negotiated rates, the contract/negotiated rate letter is the source used for rate verification. Any changes in the interstate pipeline tariff rates are filed with FERC for approval. It is possible that changes in rates will appear on the invoice prior to final FERC approval. The pipelines are required to refund any increases that are not approved by FERC. The Gas Supply Specialist/Representative reviews correspondence from the pipelines (typically sent via email distributions) notifying of tariff changes, FERC filings, refunds, etc. Various resources, such as the pipeline websites and the pipeline employees, are utilized to obtain additional information.

**Demand Charges-** The Gas Supply Specialist/Representative confirms the invoiced charge is supported by the tariff or contract. Care is given to verify that all demand charges are reflected on the appropriate monthly invoice.

**Commodity Charges-** These are variable charges applied to the volumes transported each month, and therefore, are based on usage. Volumes transported for each service area are reviewed by the Gas Supply Specialist/Representative and there is a verification of the transport charges shown on the invoice.

### **Storage Invoices:**

The Gas Supply Specialist/Representative verifies the rates charged are in agreement with the respective pipeline tariff or storage contract. Inventory balances, injections, and withdrawals are verified utilizing the supporting measurement reports provided by the pipeline.

### **Gas Supply Invoices:**

#### **Volume Verification-**

The Gas Supply Specialist/Representative verifies the accuracy of the invoiced baseload and incremental volumes. Baseload volumes are nominated approximately five days prior to the beginning of the flow month, and are a fixed daily quantity for the entire month. Baseload volumes correspond with the Seasonal Plans for each service area/pipeline. Incremental volumes are volumes necessary to meet System Supply requirements in excess of the baseload volumes. The total volumes are then reconciled back to the receipts on the applicable pipeline statement. If any variances are identified, a corrected invoice is requested from the applicable supplier.

**Pricing Verification-** Upon reviewing the pricing parameters per the contract, the Gas Supply Specialist/Representative refers to the appropriate natural gas index publication(s) to verify the pricing. This information is compared against the invoice pricing for accuracy. The Gas Supply Specialist/Representative contacts the Supplier to discuss and resolve any discrepancies. If an invoice adjustment is necessary, the Supplier is asked to send a corrected invoice.

## **GAS SUPPLY INFORMATION AND PROCEDURES MANUAL**

### **Procedure for Purchasing and Nominating Natural Gas**

**Revised October 19, 2011**

The purchasing, nomination and scheduling of natural gas is the process by which the Gas Supply Department meets the Company's firm and interruptible sales customers' seasonal requirements, through first of month and incremental gas purchases, along with managing on-system, as well as pipeline storage injection/withdrawal activity. This specific procedure addresses intra-month/incremental gas purchases, as well as, discusses the nomination and scheduling activities required to perform this activity.

The Gas Supply Specialist/Representative develops the seasonal gas supply requirements Plans for each pipeline system based on Load Studies, Design Day and Forecast provided by the Gas Supply Planning Department. Each Plan reflects normalized seasonal requirements (winter Nov-Mar and summer Apr-Oct). The Plans consist of monthly purchases and anticipated storage withdrawals/injections.

The Regional Gas Supply and Gas Supply Planning departments have access to daily gas supply information, as well as short term weather and anticipated load forecasts. The two groups communicate throughout the business day in planning and arranging for daily gas supply needs.

- Twice daily during the winter season the Gas Control department downloads current weather degree day forecasts from an external weather service. The Gas Supply Specialist/Representative accesses the weather data to update short term (1-7 days) load forecasts. Typically the short term forecasts were developed by Gas Supply Planning through an analytical comparison to historical utilization and gas day weather data.
- The Gas Supply Specialist/Representative analyzes the short term load forecasts to plan the next day gas supply and storage requirements. The load forecast provides the necessary information to determine if current flowing gas along with available storage is adequate, deficient or excessive in meeting the forecasted requirements. Third party nominations are reviewed during this process. The Gas Supply Specialist/Representative and the Manager Regional Gas Supply routinely discuss the forecast data and system requirements. Weekly, and more frequently during extreme weather, the Gas Supply team including the VP Gas Supply and Services and the Regional Managers, conference to discuss plans of action.
- The daily data is accumulated during the month to determine whether planned storage utilization is tracking anticipated current month and seasonal usage.

- Discussion as to current and next day gas flow (first of month, storage, and swing/incremental gas) takes place on a routine basis between the Gas Supply Representatives and the Manager.
  - In the event the next day forecast is greater than the first of month flowing gas plus storage maximum withdrawal capability, incremental gas is purchased to accommodate the difference.
  - In the event storage is being utilized substantially more than planned utilization, incremental purchases are made to limit monthly withdrawals.
  - In the event that first of the month nominations/purchases are at levels resulting in monthly storage withdrawals significantly below the planned level, and using current, as well as, forecasted weather along with existing pricing review a prudent decision is made as to whether first of month supply should be turned back during the current month or to reduce any subsequent month(s) purchase.
  - Plans are reviewed once again prior to the end of the current month to determine if revisions are necessary to adjust the baseload purchases in the succeeding month.
  - Incremental daily purchases may also be needed for normal operational reasons.
  
- The incremental volume can be up to the Maximum Daily Quantity on the respective pipeline(s) transportation contract as determined by the supplier contract; the requested incremental quantity is priced on a gas daily index.
  
- When changes are made to next day's flowing gas quantities, the Gas Supply Specialist/Representative notifies the supplier/agent no later than 8:00 AM (time varies by contract) the day prior to any nomination changes (8:00 AM Friday for any Saturday through Monday changes; if a holiday is on Monday, then changes must be made on Friday morning for Saturday through Tuesday).
  
- The supplier/agent notifies Gas Control and the appropriate pipeline of the nominated receipts in time to meet the pipeline nomination deadlines.

## **Gas Supply Plan Procedure**

### **Revised October 19, 2011**

The Gas Supply Specialist / Representative develops a gas supply plan for each season. The supply plan is based on normal degree days, however, for operational and nomination purposes, the plan also reflects requirements based on normal, a percent warmer and a percent colder than normal degree days. This percent may vary by state, for example it is 20% in Missouri. Typically, first-of-month nominations are made to cover the daily average of normal purchase requirements. In the event the weather is colder than normal, swing purchases can be made during the month to continue with the planned monthly storage quantities.

Supply plans are reviewed on an ongoing basis and updated with actual data after the completion of each month. The Gas Supply Specialist / Representative compares actual degree days to normal degree days for each winter month to determine if planned requirements are tracking properly or whether the plan should be adjusted prospectively.

Supply plans includes weather normalized sales requirements excluding transportation customers, plus storage injections, less storage withdrawals, and grossed up by the applicable fuel percentages, to determine net purchase requirements.

Supply plans are utilized for the gas supply procurement related to both commodity-only and asset management arrangements. These plans are used as a tool to calculate the purchase requirements, to manage storage levels throughout the withdrawal and injection periods, and to determine the first of month nominations.

## **Request for Proposal (RFP) Process**

Revised October 19, 2011

The RFP process is standardized across the three Regional Gas Supply Offices. The following procedures are a part of the overall RFP process:

- RFP Description
- RFP Preparation
- Bid Receipt and Evaluation
- Contracting
- Supplier Registration & Qualification
- “Sample” RFP document
- Bid Evaluation and Documentation Procedure

The Gas Supply Specialist / Representative shall maintain a complete file documenting the RFP process for each RFP.

## **RFP Description**

The Request for Proposal (“RFP”) is the process by which Atmos solicits qualified suppliers in the marketplace to submit proposals for gas supply services. An RFP document is drafted using a standardized format, reviewed, and approved by management in compliance with the RFP Process. The RFP document specifies the terms and conditions for the required supply, and the terms to which the supplier must adhere to in submitting their proposals, including response deadlines and methods.

The RFP document may contain, but is not limited to the following:

- ✓ Jurisdiction for which the RFP is being issued,
- ✓ Schedule of volumes, by supply category (i.e., baseload vs. swing) which a bid is being requested,
- ✓ For asset management arrangements, additional information shall be provided, detailing parameters of asset management, contract MDQs, storage detail, constraints, unwinding language to determine settling imbalance at end of deal,
- ✓ Any special circumstances surrounding the delivery / receipt of supply,
- ✓ The terms under which the proposal are to be made,
- ✓ The pricing methodology acceptable for submitting bids,
- ✓ The right to reject any or all proposals,
- ✓ Inform suppliers the proper means for submitting questions relating to the RFP,
- ✓ The deadline by which the proposal is to be made, and the method in which it is to be transmitted,
- ✓ The amount of time a bid is to remain valid.

Upon finalizing the RFP documents and receiving Management verbal approval, the Gas Supply Specialist / Representative posts the RFP to the Atmos RFP website with the appropriate issue date and bid deadline entered into the system.

**RFP Preparation**  
(Preparation, Approval, Evaluation, Contracting)

**RFP Preparation**

The Gas Supply Specialist / Representative obtains the most recent supply requirements estimate from the Planning Analyst. The estimate provides twelve months of weather normalized system sales requirements (excluding estimated transportation customers' usage). This estimate is utilized by the Gas Supply Specialist / Representative to develop the Gas Supply plan, which may include requirements for baseload, swing, peaking and storage (planned injections/withdrawals). An RFP can cover all or any of these requirements. The Gas Supply Specialist / Representative, the Regional Manager and the Planning Department discuss and determine the details of the RFP, including specific supply, term, and whether the RFP will be a Commodity Supply-Only RFP or a bundled Asset Management and Supply RFP.

The RFP document will be drafted by the Gas Supply Specialist / Representative utilizing the standard format prescribed. The RFP is reviewed with the Manager Regional Gas Supply and the Director of Gas Supply and Services. The Business Division VP, Rates and Regulatory Affairs and Legal Department may be consulted regarding regulatory guidelines and compliance.

The Gas Supply Specialist / Representative posts the RFP document and supporting materials to the Atmos RFP Website. The Website generates email notifications to suppliers who have registered as users on the website, which the Gas Supply Specialist / Representative documents. When required for regulatory purposes, the RFP is advertised in the prescribed manner. The Gas Supply Specialist / Representative reviews questions submitted by suppliers to the RFP Website, and advises the Regional Manager of RFP questions along with responses. Responses are posted to the website in a timely manner as provided for in the RFP.

### **Bid Receipt and Evaluation**

Suppliers submit bid proposals to the Gas Supply Specialist / Representative in accordance with the guidelines stated in the RFP. The Gas Supply Specialist / Representative proceeds as follows:

- Receive bid proposals and log date received to ensure bid deadline stated in the RFP has been met;
- Ensure that bids are not opened until after the deadline stated in the RFP letter;
- Enlist the Manager or the Manager's designee to be present during the opening and initial review of the proposals;
- Review proposals in more detail to ensure compliance with RFP request, and if clarification is needed, discuss with the Manager the appropriate actions;
- Prepare a timely evaluation of the proposals adhering to the Bid Evaluation Procedure included as a part of this RFP Process.
- Prepare a bid recommendation similar to the "Sample Bid Recommendation and Approval Memo" included herein.

Upon completion of the RFP process, the Gas Supply Specialist / Representative presents the evaluation and recommendation to the Regional Manager, and obtains approval. The evaluation and recommendation is forwarded to the VP Gas Supply and Services for approval. If the winning bidder is an affiliate, additional approvals must be sought from the Business Division VP, Rates and Regulatory and the Legal Department. A copy of the recommendation is forwarded to the Business Division VP, Rates and Regulatory Affairs.

The Regional Manager verbally authorizes the Gas Supply Specialist / Representative to proceed with notifying the suppliers in the prescribed manner whether or not their proposal was selected as the winning bid. All details are kept strictly confidential and not shared with the suppliers. Suppliers with non-confirming bids are advised of the reason their proposal was rejected.

### **Contracting**

The RFP Process shall commence to allow for sufficient time to finalize and have an executed transaction confirmation prior to the effective date of the deal.

Once the winning bidder of the RFP is determined, the Gas Supply Specialist / Representative is responsible for the following:

- Contacts Contract Administration to determine if a NAESB exists for the winning supplier, and if not, coordinates the effort to have a NAESB established and executed.
- Coordinates the process between Atmos and the new supplier to prepare a Transaction Confirmation (TC). This may involve the Gas Supply management, Contract Administration, Legal Department and the Supplier.
- Ensures proper pricing and business deal provisions included in TC.
- Coordinates execution of the TC.
- Prepares RFP regulatory reports as requested by the Business Unit VP, Rates and Regulatory Affairs.

### **Supplier Registration & Qualification**

Suppliers interested in receiving the Company's RFPs are encouraged to register on the Atmos RFP Website. A list of the registered users is available to the Gas Supply department. Suppliers have the flexibility to select which pipeline and Business Division RFPs for which they wish to receive notification.

To determine the financial qualification of a supplier prior to awarding a bid, the Gas Supply Specialist / Representative confers with the Regional Manager, and then may request the Company's Treasury Department to assist in the evaluation.

#### **Minimum supplier qualifications may include:**

- Own or control (right to sell) sufficient supply in the appropriate pipeline area to meet the Company's needs (supply warranty).
- Have a strong reliable performance record with the Company, or be willing to accept the Company's contractual terms to ensure reliability
- For companies new to the list, references which can be contacted to provide information on the vendor's past performance with them.
- Have a strong financial position capable of meeting the necessary financial requirements set by the Company (specifically with agency agreements).

## **“Sample RFP doc.”**

### **ATMOS ENERGY CORPORATION GAS SUPPLY REQUEST FOR PROPOSAL (“RFP”) FOR NATURAL GAS SUPPLY TO BUTLER, MISSOURI SERVICE AREA September 1, 2010**

#### **1.0 RFP Overview**

Atmos Energy Corporation (“Atmos”) is seeking proposals from qualified suppliers to provide firm natural gas commodity requirements for its Butler, Missouri service area. The term of the agreement will commence on November 1, 2010 and continue one year through October 31, 2011.

**ALL PROPOSALS MUST BE PREPARED IN ACCORDANCE WITH RFP REQUIREMENTS  
AND MUST BE RECEIVED IN WRITTEN FORM ON OR BEFORE TUESDAY, SEPTEMBER  
21, 2010, BY 4:00 P.M. CENTRAL TIME.**

#### **1.1 Form of Agreement**

The agreement will be on the standard form of Base Contract for the Sale and Purchase of Natural Gas published by the North American Energy Standards Board (NAESB). The NAESB will also include Atmos special provisions (see Exhibit A), additional special provisions that may be mutually agreed upon, and a transaction confirmation specifically incorporating the terms and conditions herein specified (or as otherwise set forth in a successful bid) and pricing contained in the successful bid.

#### **2.0 RFP Communication**

Atmos has transitioned to only electronic RFP notifications. Potential bidders should register to view and receive electronic notification of Atmos’ RFPs through the Atmos Energy website at <https://www.atmosenergy.com/cs/gassupply/> and click on “Register.”

Any reasonable request, at Atmos’ sole discretion, for additional information not contained in this RFP is required in writing. Requests should be submitted via the Atmos RFP website. Requests and responses will be available for viewing by all registered parties. The identity of the party requesting additional information will be kept confidential. In order to submit a question, please click on the “Questions and Answers for this Activity” tab and type in your question. Questions should be submitted no later than Wednesday, September 15, 2010. All responses will be posted as soon as possible on the Atmos RFP website, but no later than three days prior to the RFP proposal due date.

#### **3.0 Background**

**Butler, Missouri** - The pipeline delivering to this service area is Panhandle Eastern Pipeline (“PEPL”). Upstream of our Butler service area, Atmos holds firm transportation on PEPL.

Atmos’ Butler annual purchase requirements are approximately 482,000 Dth. Projected purchase volumes are provided to assist you in the preparation of your proposal. These volumes are informational only and may or may not be indicative of future requirements. (See Attachment I for further usage details and pipeline contract information)

#### **4.0 Performance and Supply Requirements**

All gas supply is to be firm, assuring that natural gas supply services will meet all contractual obligations without fail.

When reasonable grounds for insecurity of performance arise, Atmos may demand adequate assurance of performance. Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by Atmos, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to Atmos, a performance bond or a guarantee by a creditworthy entity. Atmos may, from time to time, request such credit information as may reasonably be required to determine the creditworthiness of the supplier.

Suppliers may use any alternate receipt points on each pipeline to supply gas, but supplier is responsible for incremental transport charges as a result of alternate points. Also, supplier must be able to provide gas at primary receipt points when secondary points are curtailed.

Atmos will provide supplier with its firm first-of-month ("FOM") gas requirements within five (5) business days before the beginning of any month. Atmos will be obligated to take the FOM quantity everyday of the applicable month. Atmos will have the right to call for firm incremental quantities on a daily basis, including weekends and holidays, up to the full MDQ.

#### **5.0 Proposal Content**

The following information may be required to be considered responsive to this RFP unless the proposing entity can demonstrate that such information is not applicable to its circumstance. Any additional information that the Bidder considers useful for Atmos to evaluate its proposal will be considered. Atmos may request additional information at a later date to assist in the decision making process.

Each proposal should provide a description of the supply and the price for which the bidder is willing to contract. Proposals should be structured to provide firm gas supplies up to the MDQ indicated in Attachment I. Proposals should present firm commodity sales based upon the pricing methodology described below:

##### **Commodity Pricing**

- First-of-month purchases should be index based using "Inside FERC's Gas Market Report", Panhandle Eastern Pipe Line Co., Texas, Oklahoma (mainline), Index price.
- Incremental purchases, in excess of the first of month purchase volumes, would be at a price equal to, plus (+), or minus (-) Gas Daily, Daily price survey, Oklahoma, Panhandle, Tx-Okla., Midpoint index price which may or may not include a demand component (Bidders Option).
- In the event of excess first of month purchases, please specify Supplier buybacks at a price equal to, plus (+), or minus (-) Gas Daily, Daily price survey, Oklahoma, Panhandle, Tx-Okla., Midpoint index price.
- All charges upstream of ATMOS' pipeline contracts shall be the sole responsibility of the Supplier.
- Intraday purchases will be priced by seller at a mutually agreeable price to buyer and confirmed at time of purchase.
- For more detail, please see Attachment I.

#### **6.0 Evaluation Criteria**

Proposals will be judged on respondent's ability to meet the economical and reliable natural gas needs of Atmos. The principal criteria to be used are as follows: Total delivered cost of gas supply over the term of the contract, reliability of the supply, and the financial viability of the respondent. Atmos has the right to consider any other factors that may be relevant to its gas supply needs.

#### **7.0 Evaluation Duration**

The Bidder shall be prepared to leave the proposal open for a ten (10) business-day evaluation period after the submittal deadline.

#### **8.0 Proprietary Data in Proposal**

A proposal may include data which the respondent may not want disclosed to the public or used by Atmos for any purpose other than proposal evaluation. Reasonable care will be exercised so that proposal data is not disclosed or used without the respondent's permission, except to meet regulatory filing requirements. Such data filed for regulatory requests shall be filed as confidential information.

#### **9.0 Rejections of Proposal**

Any proposal may be modified prior to the submittal deadline by written request of the bidder. Atmos reserves the right to reject any or all proposals, and to re-solicit for proposals in the event that all proposals are rejected.

#### **10.0 Submittal Instructions**

Proposals must be received via U.S. Mail, Courier Service or hand delivered in a sealed envelope marked as indicated below on or before **Tuesday, September 21, 2010 by 4:00 p.m. Central Time**. No other method will be accepted. No proposal will be opened prior to the stated deadline. Any proposals received after the stated deadline will be returned unopened.

Proposals should be marked externally as "Proposal for Natural Gas Supply (PEPL Butler, MO)" and mailed to:

Atmos Energy Corporation  
377 Riverside Drive, Suite 201  
Franklin, TN 37064  
Attn: Mike Walker

### **Bid Evaluation and Documentation Procedure**

A bid evaluation / documentation file shall be set-up for each RFP submitted. Both a hard copy file and an electronic file should be developed and maintained throughout the evaluation process.

The file shall include the following:

- A copy of the RFP letter and all attachments that were included
- A copy of the questions or requests for clarification from suppliers, and the Company's response that was sent to all suppliers
- List of suppliers that were emailed notification of the RFP
- List of suppliers that viewed the RFP
- Supplier proposals submitted by the deadline
- Documentation of proposals returned due to late bids
- Documentation of non conforming proposals
- Any other pertinent information.

After the bid deadline each proposal is analyzed in comparison to the other proposals. This is done by calculating the differentials between each proposal against some purchase standard, usually a supply plan. An evaluation spreadsheet is prepared to include premium or discount for each proposal as compared to the appropriate indices for the particular supply area. All assumptions are footnoted. Careful attention is paid to different proposed pricing points, demand charges, flexibility, and cost. All indices that are used on the evaluation spreadsheet shall be the same index or adjusted to the appropriate index (basis difference).

As a general rule, the vendor proposing the best cost offer is recommended to management as the winning bid, though there can be exceptions to this. Exceptions may include the downgrading of a vendor's financial status from the time the RFP was issued, issues concerning reliability and operational issues. Once management has approved a recommendation, the winning bidder is notified by written (email) and verbal notice of the Company's acceptance of their offer. The Contract Administration and Legal departments provide support in executing an Agreement and Transaction Confirmation. All non-winning bidders are notified by email.

**“Sample Bid Recommendation and Approval Memo”**

Atmos Energy Corporation  
October 6, 20XX

**Recommendations for Atmos Energy Corporation  
November 1, 20XX – March 31, 20XX  
Winter Gas Supply Requirements In Kansas  
Submitted for Review October 6, 20XX**

Atmos Energy Corporation (AEC) issued a Request for Proposal (RFP) to solicit proposals for winter gas supply requirements on Kinder Morgan Interstate Pipeline (KMI) effective November 1, 20XX through March 31, 20XX.

RFP's were issued to nineteen (19) potential suppliers. AEC received proposals from four (4) suppliers and four (4) suppliers declined to submit a proposal, but requested to remain on the Bid List. Bids were received from the following:

- Supplier 1
- Supplier 2
- Supplier 3
- Supplier 4

Follow up questions were asked of Select suppliers about their bid and based on inconsistencies and vagueness concerning the firm delivery of gas, their bid was not considered. In the review of the bids given, Supplier 3 presented the best bid for baseload and swing gas. Their proposal allows for a \$.01 premium on first of the month index for Southern Star and \$.01 also for swing gas at the Gas Daily midpoint price on Southern Star. In the event Supplier 3 must source the gas from Huntsman Storage the premium will change to \$.20. Historically we have not had to use that option.

Based on our review it is recommended that Atmos accept Supplier 3's proposal for the Kinder Morgan Pipeline.

**Submitted By:**

\_\_\_\_\_  
Gas Supply Specialist  
Atmos Energy Corp.

**Approved By:**

\_\_\_\_\_  
Manager, Regional Gas Supply  
Atmos Energy Corp.

**Final Approval:**

\_\_\_\_\_  
Vice President

## **Affiliate Relationship Procedures**

**Revised October 12, 2010**

### **Purpose:**

The purpose of this policy is to detail the requirements for dealing with affiliate operations.

### **RFP Process:**

The Company's RFP process ensures that no preferential treatment is given to an affiliated company.

### **General:**

The goal is to prevent preferential treatment being given to any marketer, especially an affiliate. It will be each employee's responsibility to treat all marketers the same. A particular marketer may have more experience on a particular pipeline and may be better equipped to ask certain questions. A rule of thumb should be that an employee should feel comfortable giving any and all marketers the same information. If an employee has concerns over providing certain data to a marketer or to a group of marketers, the employee should go to their Manager. If concern still exists, the employee and the Manager will consult with the VP Gas Supply and Services.

### **Affiliate Guidelines:**

In the event a state has specific guidelines for affiliated transactions, it is the Gas Supply Specialist's responsibility to know and follow those guidelines as they relate to Gas Supply procurement.