

NEAL & HARWELL, PLC

Docket No. 14-00081

JAMES F. NEAL (1929-2010)

AUBREY B. HARWELL, JR.
JON D. ROSS
JAMES F. SANDERS
THOMAS H. DUNDON
RONALD G. HARRIS
ALBERT F. MOORE
PHILIP N. ELBERT
JAMES G. THOMAS
WILLIAM T. RAMSEY
JAMES R. KELLEY
MARC T. MCNAMEE
GEORGE H. CATE, III
PHILIP D. IRWIN
A. SCOTT ROSS
GERALD D. NEENAN
AUBREY B. HARWELL, III
W. DAVID BRIDGERS
KENDRA E. SAMSON
DAVID G. THOMPSON
LISA PAIGE BINDER
ELIZABETH S. TIPPING
ROBERT A. PEAL

LAW OFFICES
150 FOURTH AVENUE, NORTH
SUITE 2000
NASHVILLE, TENNESSEE 37219-2408

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

WWW.NEALHARWELL.COM

CHANDRA N.T. FLINT
STEPHEN M. MONTGOMERY
JEFF H. GIBSON
J. ISAAC SANDERS
JOHN E. HAUBENREICH
BLIND AKRAWI
CHANELLE A. JOHNSON
ANDREW A. WARTH
L. WELLS TROMPETER
MEGAN N. DEARDORFF

OF COUNSEL
LARRY W. LINDEEN

August 28, 2014

Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
Andrew Jackson State Office Building
500 Deaderick Street, 4th Floor
Nashville, TN 37242

VIA HAND DELIVERY

RE: Petition of Atmos Energy Corporation for Annual Review of Rates

Dear Ms. Dillon:

Enclosed for filing are an original and four copies of the the following:

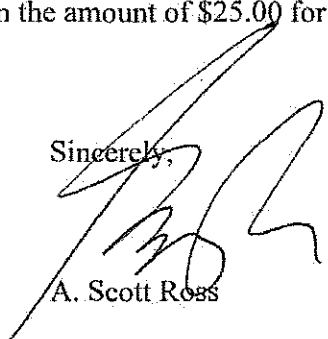
1. Petition for Annual Review of Rates;
2. Schedules 1 – 11 to the Petition;
3. Testimony of Patricia Childers;
4. Testimony of Gregory Waller, with Exhibit GKW-1 Proposed Tariff;
5. Testimony of Jason Schneider; and
6. Proposed Protective Order.

Also enclosed is a CD containing PDF copies of these documents for upload to the TRA Docket website. These filings, and the PDF documents on the enclosed CD are not confidential.

Also enclosed is our firm check in the amount of \$25.00 for the filing fee.

Best regards.

Sincerely,


A. Scott Ross

ASR:prd

Enclosures

**Atmos Energy Corporation
Petition of Atmos Energy Corporation
For Annual Review of Rates**

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**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF ATMOS ENERGY
CORPORATION FOR ANNUAL
REVIEW OF RATES**

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Docket No. 14 - _____

**PETITION TO ADOPT STATUTORY ANNUAL REVIEW
OF RATES AND TARIFF WITH PROCEDURES FOR STATUTORY
ANNUAL RATE REVIEW**

Atmos Energy Corporation respectfully files this Petition to opt into the statutory annual rate review procedure established under Tennessee Code Annotated Section 65-5-103(d)(6). Pursuant to Section 65-5-103(d)(6)(C), Atmos Energy petitions to have the Authority adjust the Company's tariff rates annually such that they are sufficient to enable the Company to earn the authorized return on equity established in its last rate case, with the new rates to take effect January 1, 2015, and each January 1 thereafter. To provide for an orderly annual review pursuant to the statute, the Company has filed a proposed tariff to implement procedures for the statutory annual review, and Atmos Energy also respectfully petitions to adopt this tariff, with any amendments the Authority may order.

In support of this Petition, Atmos Energy submits the following:

1. Full name and address of the principal place of business of the Company:

Atmos Energy Corporation
5430 LBJ Freeway, Suite 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Patricia Childers
Vice President
Rates & Regulatory Affairs
Mid-States Division
Atmos Energy Corporation
810 Crescent Centre Drive, Ste. 600
Franklin, TN 37067-6226

A. Scott Ross, Esq.
Neal & Harwell, PLC
2000 One Nashville Place
150 Fourth Avenue North
Nashville, TN 37219-2498

Ellen T. Weaver, Esq.
Senior Attorney
Atmos Energy Corporation
P.O. Box 650205
Dallas, TX 75265-0205

3. Atmos Energy's Kentucky/Mid-States Division serves customers in Tennessee, Kentucky and Virginia. Atmos Energy serves approximately 132,000 residential, commercial, and industrial customers in Tennessee. The Company has a Tennessee-based work force of slightly less than 160 employees including 32 employees in the Kentucky/Mid-States division office in Cool Springs. The Atmos Energy utility plant in Tennessee includes approximately 3,400 miles of transmission and distribution lines.

4. Tennessee Code Annotated Section 65-5-103(d)(6) gives utilities a statutory right to opt for an annual review of their rates. Under subsection (d)(6)(B), a utility is eligible to opt for annual rate review if the utility "has engaged in a general rate case" within the past five years. Atmos Energy engaged in a general rate case less than five years ago, in Docket No. 12-00064, and is therefore eligible to opt for annual rate review under the statute. The final order in Docket No. 12-00064 was entered on December 4, 2012, and approved, *inter alia*, a return on equity of 10.1%.

5. Upon a utility's election to participate in the statutory annual rate review mechanism of subsection (d)(6), the statute provides in subsection (d)(6)(C) that the Authority "shall review the annual filing by the public utility within one hundred twenty (120) days of receipt and order the public utility to make the adjustments to its tariff rates to provide that the public utility earns the authorized return on equity established in the public utility's most recent general rate case."

6. Atmos Energy's existing rates for natural gas service are not adequate to permit it an opportunity to recover its reasonable operating costs and to earn its allowed rate of return on equity as established in Docket No. 12-00064. Although Atmos Energy operates very efficiently, it is not achieving its allowed return on capital with the rates currently in place. The Company's indicated return on equity for the Forward Looking Test Year is 8.87%. Such return falls below the allowed return on equity of 10.1% approved for the Company in Docket No. 12-00064.

7. Pursuant to Tennessee Code Annotated section 65-5-103(d)(6)(C), Atmos Energy respectfully petitions for the Authority to adjust the Company's tariff rates effective January 1, 2015, sufficient to enable Atmos Energy to earn the return on equity of 10.1% established in Docket No. 12-00064. The Company has filed eleven schedules supporting and calculating the necessary rate increase to the Company's tariff rates beginning January 1, 2015. These schedules are attached hereto as Schedules 1 through 11.

8. Pursuant to the annual mechanism established in section 65-5-103(d)(6), Atmos Energy respectfully petitions that its tariff rates be adjusted annually effective each January 1 to a level sufficient to allow the Company to earn its authorized return on equity, with all tariff rates to be adjusted in proportion to the relative base revenue share of each, as approved in the

Company's most recent general rate case.

9. To allow for an orderly implementation of the annual review mechanism established by Section 65-5-103(d)(6), Atmos Energy has drafted a proposed Annual Review Mechanism ("ARM") tariff setting forth a timetable for the Company's annual filings, and specifying the documentation that Atmos Energy will file annually. The proposed tariff is attached as an exhibit to the testimony of witness Gregory K. Waller. The ARM tariff calls for the company to make its annual ARM filing no later than September 1 of each year. The tariff specifies that the Company's annual filing will use a historic base period defined as the twelve month period ending June 30 of each calendar year, and a forward looking test year defined as the twelve months beginning January 1 of each calendar year following the September 1 filing. The first historic base period ends June 30, 2014, and the first test year begins January 1, 2015. The tariff provides that the annual ARM filing will include 11 specified schedules that cover Cost of Service, Summary of Revenues at Present Rates, Cost of Gas, Operation and Maintenance Expense, Taxes Other Than Income, Depreciation and Amortization Expenses, Rate Base and Return, Computation of State Excise and Income Taxes, Overall Cost of Capital, Rate of Return, and Proof of Revenues and Calculation of Rates. The Company has filed these schedules supporting the January 1, 2015 rate adjustment, and they are attached hereto as Schedules 1 through 11. Atmos Energy respectfully petitions for approval of its proposed Annual Review Mechanism tariff, with any amendments that the Authority may order.

10. In support of this Petition, Atmos Energy submits the following testimony and schedules:

Testimony:

- Patricia J. Childers, Vice-President Rates and Regulatory Affairs of the

Kentucky/Mid-States Division.

- Gregory K. Waller, Manager Rates and Regulatory Affairs.
- Jason L. Schneider, Director of Accounting Services.

Schedules:

1. Cost of Service
2. Summary of Revenues at Present Rates
3. Cost of Gas
4. Operation and Maintenance Expenses
5. Taxes Other than Income
6. Depreciation and Amortization Expenses
7. Rate Base and Return
8. Computation of State Excise and Income Taxes
9. Overall Cost of Capital
10. Rate of Return
11. Proof of Revenues and Calculation of Rates

WHEREFORE, Atmos Energy respectfully petitions for the following relief:

1. That Notice be issued and a hearing set regarding this Petition;
2. That, pursuant to Tennessee Code Annotated section 65-5-103(d)(6)(C), the Authority order Atmos Energy to make adjustment to the Company's tariff rates sufficient to enable the Company to earn the authorized return on equity of 10.1%, with the new rates to take effect January 1, 2015.
3. That, pursuant to the same statutory provision, the Authority similarly adjust the Company's tariff rates annually effective January 1 of each succeeding year, unless and until the

annual review plan may be terminated pursuant to Tennessee Code Annotated section 65-5-103(d)(6)(D).

4. That the Authority approve the Company's proposed Annual Review Mechanism tariff, with any amendments that the Authority may order; and

5. That Atmos Energy be granted such other relief as may be warranted.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

A. Scott Ross, #15634
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile

Counsel for Atmos Energy Corporation

VERIFICATION

STATE OF TENNESSEE)
)
COUNTY OF WILLIAMSON)

I, Patricia J. Childers, being duly sworn, state that I am the Vice President – Rates & Regulatory Affairs for the Kentucky/Mid-States Division of Atmos Energy Corporation, the Petitioner in the subject proceeding; that I am authorized to make this verification on behalf of Atmos Energy Corporation; that I have read the foregoing Petition and Exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.

Patricia J Childers

SWORN and subscribed before me
this 25th day of August, 2014.

Pamela Pleasant
Notary Public

My Commission Expires

MAY 3, 2016

