

NEAL & HARWELL, PLC

LAW OFFICES

150 FOURTH AVENUE, NORTH

SUITE 2000

NASHVILLE, TENNESSEE 37210-2408

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

WWW.NEALHARWELL.COM

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
PHILIP D. IRWIN
A. SCOTT ROSS
GERALD D. NEENAN
AUBREY B. HARWELL, III
KENDRA E. SAMSON
DAVID G. THOMPSON
LISA PAIGE BINDER
ELIZABETH S. TIPPING
ROBERT A. PEAL

CHANDRA N.T. FLINT
STEPHEN M. MONTGOMERY

J. ISAAC SANDERS
BLIND AKRAWI
MEGAN N. DEARDORFF
MARIE TEDESCO SCOTT
WILLIAM J. HARBISON, II
JEFFREY A. ZAGER
MARIAM N. STOCKTON

OF COUNSEL
LARRY W. LINDEEN
CHARLES F. BARRETT

March 10, 2016

Sharla Dillon
Dockets Manager
Tennessee Regulatory Authority
500 Deaderick Street, 4th Floor
Nashville, TN 37242

VIA E-MAIL AND HAND DELIVERY

RE: Atmos Energy Corporation – Docket No. 16-00008

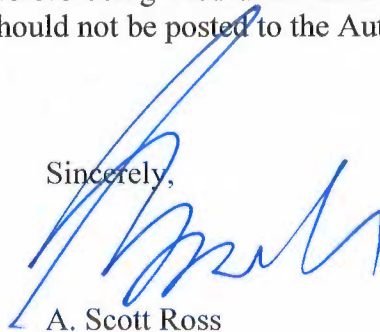
Dear Ms. Dillon:

Enclosed for filing is a March 10, 2016, Order of the Virginia Commission approving, for its part, the same Gas Supply and Asset Management Agreement that is at issue in this case, which also covers Atmos Energy customers located in Virginia. A PDF copy is being supplied by email for posting to the Authority's docket website in this matter.

Separately, we are also filing the related brief of the Virginia State Corporation Commission Division of Utility Accounting and Finance [Confidential Version]. This brief contains confidential material and is therefore being filed under seal pursuant to the Protective Order entered in this Docket. The brief should not be posted to the Authority's docket website.

Best regards.

Sincerely,



A. Scott Ross

ASR:prd
Enclosures
Via E-mail to:
pat.childers@atmosenergy.com
becky.buchanan@atmosenergy.com

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 10, 2016
CLERK'S OFFICE
DOCUMENT CONTROL CENTER

2015 MAR 10 A 9:27

JOINT APPLICATION OF

ATMOS ENERGY CORPORATION
and
ATMOS ENERGY MARKETING, LLC

CASE NO. PUE-2015-00134

For authority to enter into a Gas Supply and
Asset Management Agreement pursuant to
the Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING AUTHORITY

On December 15, 2015, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (collectively, "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting authority to enter into a contract for the Purchase and Sale of Natural Gas and Asset Management ("AMA") effective for the period April 1, 2016, through March 31, 2019. The Applicants also filed a Motion for Protective Ruling ("Motion"), in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, to prevent public disclosure of the confidential information contained in the Application.

¹ Va. Code § 56-76 *et seq.*

The Applicants request Commission authority to enter into the proposed AMA, which is the sixth such agreement between Atmos and AEM since 2005.² AEM currently provides certain services to Atmos relating to pipeline capacity, transportation, and storage, pursuant to a one-year gas supply and asset management agreement approved by the Commission in Case No. PUE-2014-00121, which expires on March 31, 2016. Atmos represents that it issued over 400 emails to potential gas suppliers to provide electronic notification of its request for proposal ("RFP") for the AMA. After comparing the bids it received, Atmos selected AEM as the winning bidder.

The proposed AMA consists of three parts: a standard North American Energy Standards Board Base Contract; a Special Provisions Attachment; and an Addendum to Base Contract for Sale and Purchase of Natural Gas ("AMA Addendum"). The Applicants represent that the AMA is in the public interest because it will economize the supply of gas to Atmos and optimize the use of Atmos' facilities to the benefit of Atmos' Virginia customers.

NOW THE COMMISSION, upon consideration of the Application, the representations of the Applicants, the applicable statutes, and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that the above-described AMA is in the public interest and should, therefore, be approved subject to certain requirements set forth in the Appendix to the

² See *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Supply and Asset Management Agreement pursuant to The Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2014-00121, Doc. Con. Cen. No. 150310215, Order Granting Authority (Mar. 11, 2015); *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Supply and Asset Management Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 et seq.*, Case No. PUE-2013-00136, 2014 S.C.C. Ann. Rept. 359, Order Granting Authority (Mar. 10, 2014); *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Supply and Asset Management Agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2011-00018, 2011 S.C.C. Ann. Rept. 446, Order Granting Authority (May 9, 2011); *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Supply and Asset Management Agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq. and Request for Interim Authority*, Case No. PUE-2008-00021, 2008 S.C.C. Ann. Rept. 498, Order Granting Authority (June 17, 2008); *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, L.L.C., For authority to enter into a gas exchange and optimization services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00003, 2005 S.C.C. Ann. Rept. 389, Order Granting Authority (July 5, 2005).

Staff's Action Brief. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.³

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted authority to enter into the AMA, subject to the requirements set forth in the Appendix attached to this Order.

(2) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(3) There appearing nothing further to be done, this case is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Richard D. Gary, Esquire, and Timothy E. Biller, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074; Atmos Energy Corporation, c/o Douglas C. Walther and Erikka L. Hise, 5430 LBJ Freeway, Suite 1800, Dallas, Texas 75240; Atmos Energy Marketing, LLC, c/o Jeffrey Perryman, 2929 W. Sam Houston Parkway N., Suite 200, Houston, Texas 77043; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219. A copy hereof also shall be delivered to the Commission's Office of General Counsel and Divisions of Utility Accounting and Finance and Energy Regulation.

³ The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

APPENDIX

(1) The authority granted herein shall extend through March 31, 2019, the expiration date of the AMA. Should Atmos wish to continue the AMA beyond that date, further Commission approval shall be required. If the Applicants wish to avoid a potential break in service under the AMA, any prospective application for approval of a new AMA shall be filed with the Commission no later than December 15, 2018.

(2) Atmos shall file the associated AMA Addendum with the Commission within thirty (30) days of the filing of any new AMA application.

(3) On a prospective basis, Atmos shall provide any AMA RFP to the Commission's Division of Energy Regulation ("Energy Regulation") prior to issuance and continue to ensure that the RFP dissemination and bidding process remains robust. Once the AMA RFP process is over, Atmos shall submit to Energy Regulation the AMA RFP's results, including a list of the parties that were invited to bid, the winning bidder, and the reason(s) for the winner's selection.

(4) Atmos' payments for pipeline substitution services shall be limited to the amount of gas cost charges that Atmos would incur if it were to procure gas on its own pipeline contracts.

(5) Atmos' payments for storage fill services shall be limited to the amount of storage charges that Atmos would incur if it were to manage its own storage.

(6) Thirty (30) days prior to any changes in the fixed capacity utilization payment, Atmos shall submit a report to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director"), describing the changes in the fixed capacity utilization payment and the reasons for such changes. The Staff shall then advise the Commission as to whether any action is necessary pursuant to its continuing supervisory authority under § 56-80 of the Code to protect the public interest.

(7) Sixty (60) days after the completion of the term of the AMA, Atmos shall file a final report with the UAF Director detailing the value realized under the AMA. Atmos shall also provide interim analysis to Staff at Staff's request.

(8) The Commission's approval shall have no ratemaking implications. Specifically, the approval in this case shall not guarantee the recovery of any costs directly or indirectly related to the proposed AMA.

(9) Separate approval shall be required for any changes in the terms and conditions of the AMA, including any successors and assigns.

(10) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(11) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(12) Atmos shall include the transactions associated with the AMA in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. Atmos shall include with the ARAT a Risk Monitoring Schedule as described in the Appendix to the Staff's Action Brief filed contemporaneously with this Order.

(13) In the event that Atmos' annual informational filings or general or expedited rate filings are not based on a calendar year, then Atmos shall include the affiliate information contained in its ARAT in such filings.