



August 13, 2015

VIA HAND DELIVERY

Ms. Amy L. Gilbert
Secretary
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604-4027

Re: Application of Atmos Energy Corporation

Dear Ms. Gilbert:

Atmos Energy Corporation hereby transmits three (3) copies of its Application for Adjustment of its Natural Gas Rates in the State of Kansas, together with three (3) electronic copies of the Application, all in accordance with K.A.R. 82-1-231.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Ries".

Jennifer G. Ries

Enclosures

cc: James H. Jeffries IV
James G. Flaherty

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Test Year Ending March 31, 2015
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BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos Energy)
Corporation for Adjustment of its Natural Gas) Docket No. 16-ATMG-_____-RTS
Rates in the State of Kansas)

APPLICATION

Atmos Energy Corporation ("Atmos Energy") files this Application to make changes in its charges for natural gas service under K.S.A. 66-117, K.S.A. 66-1,200, *et seq.*, and K.A.R. 82-1-231.

In support thereof, Atmos Energy respectfully states:

1. Atmos Energy is a natural gas public utility operating in the State of Kansas pursuant to certificates of convenience and necessity issued by the State Corporation Commission of the State of Kansas ("Commission"). Atmos Energy's principal place of business within the State of Kansas is located at 25090 W. 110th Terr., Olathe, Kansas 66061.

2. Pleadings, notices, orders and other correspondence and communication regarding this Application should be sent to:

James Price
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Jennifer G. Ries
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3. Atmos Energy provides retail natural gas service to approximately 131,000 customers in Kansas, including natural gas service to 107 communities and one unincorporated irrigation customer in 33 counties. Atmos Energy filed its last rate case in January 2014, in Docket No. 14-ATMG-320-RTS ("320 Docket"). That rate case filing was based upon a test year that ended September 30, 2013. Several factors make the filing of this rate application necessary at this time. Atmos Energy has made a significant investment in plant since its last rate case filing. Although Atmos Energy has aggressively managed expenses, it has also experienced increases in wages, medical expenses, material and supplier costs. This Application supports Atmos Energy's request for an increase in its revenue requirement.

4. The testimony of eleven witnesses and the schedules required by K.A.R. 82-1-231 are filed in support of this Application. The testimony and schedules show that as of March 31, 2015, Atmos Energy's adjusted rate base for Kansas operations was \$205,975,120. The earned return on Kansas gas operations investment was 5.73%. The schedules filed with this Application establish a gross revenue deficiency of \$6.6 million based upon normalized operating results for the 12 months ended March 31, 2015, adjusted for known and determinable changes in revenues, operating and maintenance expenses, cost of capital, taxes and the proposed rate case expense surcharge. Atmos Energy's request for an overall revenue increase of \$6.6 million is the result of increasing base rates by \$5.7 million, proposing a rate case expense surcharge of \$0.950 million and rebasing amounts currently collected through the Gas System Reliability Surcharge Rider ("GSRS") of \$0.388 million and rebasing \$0.078 million of our Ad Valorem Tax Surcharge Rider ("AVTS").

The \$0.467 million attributable to those riders will be moved into base rates.

5. Presently effective rates do not produce sufficient revenues to cover the reasonable cost of Atmos Energy's continued ability to render reasonably sufficient and efficient service. The existing retail natural gas rates of Atmos Energy are not just and reasonable in that its jurisdictional earnings are deficient. Atmos Energy must earn a reasonable return on its property dedicated to public service in order to acquire necessary capital at reasonable rates, carry out new construction, provide adequate gas supplies of gas and render the quality of service the public requires. The current return to Atmos Energy is not just and reasonable. Atmos Energy's proposal to increase its revenues will result in an overall rate of return of 8.48%.

6. Atmos Energy is filing a new depreciation study and depreciation rates for its Shared Services and Colorado/Kansas General Office divisions as part of this Application. The depreciation rates for the Kansas Division direct general plant in service used in this rate case were approved by the Commission in Docket No. 12-ATMG-564-RTS.

7. With respect to rate design, Atmos Energy is proposing a traditional two part rate design with an increase in the monthly facility charge, which as explained by Atmos Energy Witness Paul Raab in his testimony, will more appropriately provide for recovery of fixed utility costs.

8. Atmos Energy is also seeking to establish an Annual Review Mechanism ("ARM") which is a formula rate mechanism that would provide a streamlined and cost effective annual review of the utility's cost of operations and actual return on equity. The ARM addresses current capital investment levels and eliminates the frequent comprehensive rate cases, GSRS and Ad Valorem Tax Surcharge filings that would occur otherwise because the ARM will adopt all of the regulatory procedures, principles, and the rate of return established by the Commission in the Order

issued in this docket. Additionally, Atmos Energy is requesting approval of a System Integrity Program Tariff ("SIP"). The SIP would allow the Company to accelerate its progress in the replacement of obsolete materials in the Kansas system and would provide for quarterly updates to rates for approved completed projects. The SIP is proposed for a 5-year pilot term. These tariffs, explained by Atmos Energy Witness Gary L. Smith, among others, ensure that rates are set appropriately.

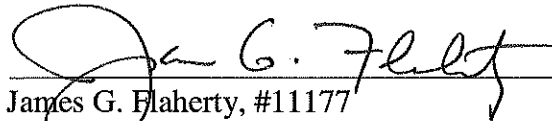
9. In the event that the Commission declines approval of the proposed ARM mechanism, Atmos Energy requests permission from the Commission to make an "abbreviated filing" pursuant to K.A.R. 82-1-231(b)(3)(A) within 12 months of the Commission's Order in this docket. In such proceeding, Atmos Energy would propose to update rates to reflect new infrastructure investment that is not included in rates and is not eligible for recovery under the utility's GSRS tariff but will have been placed in service by the time the audit of the abbreviated filing is completed. In connection with this request, Atmos Energy agrees that if it makes a filing pursuant to K.A.R. 82-1-231(b)(3)(A), it will adopt all of the regulatory procedures, principles, and the rate of return established by the Commission in the Order issued in this docket.

10. The total adjustment in rates requested in this Application is just and reasonable and in the public interest. The request to change Atmos Energy's schedules of charges is proposed to allow Atmos Energy to maintain financial integrity and to permit it to continue to make capital investment in its distribution system for the benefit of the public.

11. Atmos Energy has on file with the Commission certain schedules of charges and rates for its natural gas service. Atmos Energy desires to withdraw certain of the schedules and file new ones in accordance with Section 18 filed in support of this Application. The charges reflect the effects of the requested revenue increase and the proposed changes in rate design and General

Terms and Conditions. Atmos Energy proposes that the revised schedules become effective thirty (30) days from the date of this filing, as permitted by law, or at such other date as the Commission may by order prescribe.

WHEREFORE, Atmos Energy respectfully requests the approval and consent of the Commission to withdraw and cancel its natural gas rate schedules and other provisions of its tariffs and to substitute therefore and place in effect the rate schedules and other provisions contained in Section 18 of the Application, which will provide a gross annual revenue increase of \$6.6 million; for approval of the proposed annual rate mechanism; in the alternative, for authority to make an "abbreviated filing" pursuant to K.A.R. 82-1-231(b)(3)(A) within 12 months of the Commission's Order in this docket to update its rates to reflect new infrastructure investment that is not included in rates and are not eligible for recovery under the utility's GSRS tariff, but will have been placed in service by the time the audit of the "abbreviated filing" is completed; for approval of the proposed SIP mechanism; and for such other relief as may be necessary and appropriate in this case.



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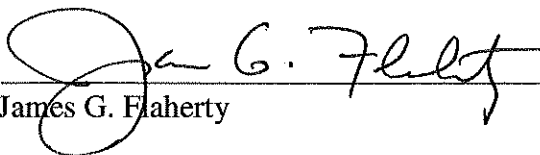
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Attorneys for Atmos Energy

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF FRANKLIN)


James G. Flaherty, being duly sworn on oath, states: That he is an attorney for Atmos Energy; that he has read and is familiar with the foregoing Application, knows the contents thereof; and that the statements contained therein are true and correct.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 7th day of August, 2015.





Notary Public

Appointment/Commission Expires: