

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Mark Sievers, Chairman
Ward Loyd
Thomas E. Wright

In the Matter of the Application of Atmos)
Energy for Adjustment of its Natural Gas) Docket No. 12-ATMG-564-RTS
Rates in the State of Kansas.)

**ORDER DESIGNATING PREHEARING OFFICER
AND SETTING PREHEARING CONFERENCE**

I. Introduction 1
II. Prehearing Conference..... 3
 A. Designating Prehearing Officer 3
 B. Notice of Prehearing Conference 4
III. Agency Attorneys of Record 4

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the files and being fully advised of all matters of record, the Commission summarizes the arguments of the parties and finds and concludes as follows:

I. Introduction

1. On January 26, 2012, Atmos Energy (Atmos) initiated this proceeding by filing an Application to make changes to its charges for natural gas service. Atmos stated it is a natural gas public utility operating in the State of Kansas pursuant to certificates of convenience and necessity issued by the Commission. Atmos Application, January 26, 2012, paragraph 1 (Application, ¶ 1). Atmos' principal place of business within Kansas is located at 25090 W. 110th Terr., Olathe, Kansas 66061. Application, ¶ 1. Atmos stated it provides natural gas service to approximately 128,502 customers in Kansas, including natural gas service to 106 communities and two unincorporated irrigation customers in 32 counties. Application, ¶ 3.

2. Atmos indicated it had last filed a rate case in January 2010, in Docket No. 10-ATMG-495-RTS, based upon a test year that ended September 30, 2009. Application, ¶ 3. Atmos lists several factors which make the filing of its rate application appropriate. Atmos has completed the replacement of an 11-mile, 8-inch pipeline between College Boulevard and 199th Street along Pflumm Road in southern Overland Park, Kansas. Application, ¶ 3. Atmos also states it has experienced an increase in wages, medical expenses, material and supplier costs. Application, ¶ 3.

3. Atmos stated that the testimony and schedules filed in support of its Application show a gross revenue deficiency of \$9.7 million from a test year ending on September 30, 2011. Application, ¶ 4. Atmos indicated its proposal to increase its revenue will result in an increased overall rate of return of 8.78%. Application, ¶ 5. Atmos states that presently effective rates do not produce sufficient revenues to cover the reasonable cost of Atmos' continued ability to render reasonably sufficient and efficient service. Application, ¶ 5.

4. Atmos proposes a two part rate design with an increase in the monthly facility charge. Application, ¶ 7. Atmos is also seeking approval to implement an annual rate adjustment provision, which will allow rates to be adjusted on an annual basis following the current rate case. Application, ¶ 8.

5. Atmos states that the requested change to its schedules of charges is proposed to allow Atmos to maintain financial integrity and to permit it to continue to make capital investment in its distribution system for the benefit of the public. Application, ¶ 9.

6. The Commission has jurisdiction over Atmos' Application under K.S.A. 66-117 and K.A.R. 82-1-231. In this Order, the Commission sets a prehearing conference and designates a prehearing officer.

II. Prehearing Conference

7. Having reviewed the Application, the Commission finds that a prehearing officer should be designated and a prehearing conference set to allow parties to present arguments, if any, regarding issues and to develop a procedural schedule to recommend to the Commission. The Commission recognizes that the 240-day deadline for a Commission Order runs on September 22, 2012, which is a Saturday. Therefore, the deadline for the Commission to issue an Order is moved to the following business day, Monday, September 24, 2012.

A. *Designating Prehearing Officer*

8. Although the Commission will conduct the evidentiary hearing in this docket, the Commission designates a prehearing officer to conduct any prehearing conferences that might be needed in this proceeding and to address any matters that are appropriately considered in a prehearing conference, including all items listed in the Kansas Administrative Procedure Act (KAPA) at K.S.A. 77-517(b). These items include, for example, conversion of the proceeding to another type; exploration of settlement possibilities; preparation of stipulations; clarification of issues; rulings on identity and limitation on the number of witnesses; objections to proffers of evidence; determination of the extent to which direct evidence, rebuttal evidence, or cross-examination will be presented in written form, and the extent to which telephone or other electronic means will be used as a substitute for proceedings in person; order of presentation of evidence and cross-examination; rulings regarding issuance of subpoenas; discovery orders and protective orders; and such other matters as will promote the orderly and prompt conduct of the hearing. The Commission designates Melissa Doeblin, Advisory Counsel, telephone number 785-271-3186, email address m.doeblin@kcc.ks.gov, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027, to act as prehearing officer in this proceeding. K.S.A. 2010 Supp. 77-514;

K.S.A. 77-516; K.S.A. 2010 Supp. 77-551. The Commission, as it deems necessary, may designate other staff members to serve in this capacity.

B. Notice of Prehearing Conference

9. Having concluded that a prehearing conference is needed to discuss scheduling, the Commission sets a Prehearing Conference for Wednesday, February 8, 2012, beginning at 2:30 p.m. and concluding by 4:00 p.m., in the Third Floor Hearing Room of the Commission's offices, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027. This Prehearing Conference will focus on issues that relate to development of a procedural schedule for this docket. Parties should be prepared to discuss discovery procedures and any other prehearing issues that will promote the orderly and prompt conduct of this proceeding. K.S.A. 77-517; K.A.R. 82-1-222. During the Prehearing Conference, parties shall be prepared to discuss deadlines for filing of testimony and briefs and possible dates for an evidentiary hearing with the Commission presiding, as well as potential dates for a public hearing or hearings, should the Commission desire to hold a public hearing or hearings. Any party who fails to attend or participate in the Prehearing Conference, hearing or other stage of this proceeding may be held in default under the KAPA. K.S.A. 77-516(c)(8); K.S.A. 77-520. At the prehearing, this proceeding, without further notice, may be converted into a conference hearing or a summary proceeding for disposition of the matter as provided by the KAPA. K.S.A. 77-516(c)(7)..

III. Agency Attorneys of Record

10. The attorneys designated to appear on behalf of the agency in this proceeding are Matthew Spurgin, telephone number 785-271-3279, email address m.spurgin@kcc.ks.gov; Robert Fox, telephone number 785-271-3118, email address b.fox@kcc.ks.gov; and Holly Fisher, telephone number 785-271-3312, email address h.fisher@kcc.ks.gov; 1500 SW

Arrowhead Road, Topeka, Kansas 66604-4027. K.S.A. 2010 Supp. 77-518(c)(2); K.S.A. 77-516(c)(2).

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission appoints Melissa Doeblin to act as Prehearing Officer and directs parties to attend the Prehearing Conference on Wednesday, February 8, 2012, beginning at 2:30 p.m. and concluding by 4:00 p.m., in the Third Floor Hearing Room of the Commission's offices, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027, as described above. Parties should be prepared to discuss deadlines for filing of testimony and briefs and possible dates for an evidentiary hearing with the Commission presiding, as well as potential dates for a public hearing or hearings, should the Commission desire to hold a public hearing or hearings.


B. This is a procedural order and constitutes nonfinal agency action. K.S.A. 77-607(b)(2). Parties have 15 days, plus three days if service of this Order is by mail, from the date of service of this Order in which to petition the Commission for reconsideration. K.S.A. 66-118b; K.S.A. 2010 Supp. 77-529(a)(1).

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chairman; Loyd, Commissioner; Wright, Commissioner

Dated: FEB 01 2012


ORDER MAILED FEB 02 2012
Patrice Petersen-Klein
Executive Director

mch/mrd

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
JAMES G. FLAHERTY, ATTORNEY ANDERSON & BYRD, L.L.P. 216 SOUTH HICKORY PO BOX 17 OTTAWA, KS 66067		
JAMES PRICE, ATTORNEY ATMOS ENERGY PO BOX 650205 5430 LBJ FREEWAY, THREE LINCOLN CENTRE DALLAS, TX 75265-0205		
BARTON W. ARMSTRONG, VICE PRESIDENT, OPERATIONS ATMOS ENERGY CORPORATION 25090 W 110TH TERRACE OLATHE, KS 66061		
DOUGLAS C. WALTHER, ASSOCIATE GENERAL COUNSEL ATMOS ENERGY CORPORATION P O BOX 650205 DALLAS, TX 75265-0205		
KAREN P WILKES, DIVISION VICE PRESIDENT, REGULATORY AND PUBLIC AFFAIRS ATMOS ENERGY CORPORATION 1555 BLAKE ST 400 DENVER, CO 80202		
NIKI CHRISTOPHER, ATTORNEY CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		
C. STEVEN RARRICK, ATTORNEY CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		
DELLA SMITH CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		

ORDER MAILED FEB 02 2012

The Docket Room hereby certified that on this _____ day of _____, 20_____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
SHONDA SMITH CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		
DAVID SPRINGE, CONSUMER COUNSEL CITIZENS' UTILITY RATEPAYER BOARD 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		
Holly Fisher, ATTORNEY KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604-4027 ***Hand Delivered***		
MATTHEW SPURGIN, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604-4027 ***Hand Delivered***		

ORDER MAILED FEB 02 2012

The Docket Room hereby certified that on this ___ day of _____, 20____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.