

Decision No. C14-0452

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14AL-0300G

IN THE MATTER OF ADVICE LETTER NO. 511 FILED BY ATMOS ENERGY CORPORATION TO PLACE INTO EFFECT TARIFF SHEET CHANGES TO BE EFFECTIVE ON MAY 5, 2014.

**DECISION SUSPENDING EFFECTIVE DATE
OF TARIFFS AND REFERRING THE MATTER
TO AN ADMINISTRATIVE LAW JUDGE**

Mailed Date: May 2, 2014
Adopted Date: April 30, 2014

IMPORTANT NOTICE: ANY PERSON DESIRING TO PARTICIPATE ONLY BY MAKING A STATEMENT MAY DO SO BY APPEARING AT THE HEARING. IF YOU DESIRE TO ASK QUESTIONS OF A WITNESS OR OTHERWISE PARTICIPATE AS A PARTY IN THIS RATE MATTER, YOU MUST REQUEST PERMISSION FROM THE COMMISSION TO BE AN INTERVENOR (EVEN IF YOU HAVE ALREADY FILED AN OBJECTION). ANYONE DESIRING TO INTERVENE MUST CAREFULLY FOLLOW THE LAW AND COMMISSION RULES FOR BECOMING AN INTERVENOR. FOR FURTHER INFORMATION ON HOW TO INTERVENE, CALL (303) 894-2070 (PUC EXTERNAL AFFAIRS OFFICE).

I. BY THE COMMISSION

A. Statement

1. On April 2, 2014, Atmos Energy Corporation (Atmos Energy or Company) filed Advice Letter No. 511 (attached as Exhibit 1). Atmos Energy submitted Advice Letter No. 511 with supporting testimony and exhibits.

2. Atmos Energy states that the purpose of this filing is to place into effect rates that will result in an increase to the Company's annual revenues by \$4,847,370, or approximately 4.43 percent, based on the 12 months ended December 31, 2013. The proposed changes will be

made through an adjustment to the rates listed on the Company's general rate schedules (including facilities charge, commodity charge, and transportation service fees) and will affect residential, commercial, irrigation, and transportation customers.

3. Atmos Energy states the proposed changes will allow it to recover costs of investing in its gas distribution system. Additionally, the Company states the proposed rate increase will allow it to address increased Operations & Maintenance (O&M) and depreciation expenses. Further, the Company has requested an increase in its return on equity from the current 9.72 percent to 10.4 percent.

4. Atmos Energy requests an effective date of May 5, 2014 for the tariff sheets submitted under Advice Letter No. 511.

5. On April 10, 2014, the Colorado Office of Consumer Counsel (OCC) submitted a Protest Letter asking the Commission to suspend the tariff sheets and set the matter for hearing. The OCC states it is concerned about the number of rate increases Atmos Energy has implemented in a relatively short period of time. The OCC further cites concerns regarding: net annual rate increases; the prudence of approximately \$14 million in costs spent on the Company's gas distribution system; increased O&M expenses; requested return on equity and overall return on rate base; the proposed capital structure; a rate design that disproportionality burdens residential customers; and a cumulative rate impact and rate shock on Atmos Energy's customers.

6. On April 24, 2014, Staff of the Colorado Public Utilities Commission (Staff) filed a Protest Letter asking the Commission to suspend the tariff sheets and set the matter for hearing. Staff is concerned about: the reasonableness of increasing rates by more than \$4.8 million after the Company received a \$1.3 million rate increase commencing on March 1, 2014;

the appropriateness of the requested return on equity; the proposed Facilities Charge for Residential Customers; and whether the recently completed corporate-wide billing system has been effectively and fully implemented.

7. Pursuant to § 40-6-111(1), C.R.S., the Commission may, in its discretion, set the tariff page(s) for hearing which will suspend the effective date for 120 days from the proposed effective date. If the Commission does not establish new rates before the expiration of the suspension period of 120 days, or, in this proceeding, September 2, 2014, the tariff page(s) filed by Atmos Energy may become effective.

8. Section 40-6-111(1), C.R.S., also provides that the Commission may, in its discretion, by a separate order, suspend the effective date of the tariff page(s) for an additional 90 days. Thus, the Commission has the power and authority to suspend the effective date of the tariff page(s) for a maximum of 210 days or, in this proceeding, until December 1, 2014. If the Commission further suspends, by separate order, the effective date of the tariff page(s) for an additional 90 days, and if no new rates are established by the Commission before December 1, 2014, the tariff page(s) filed by Atmos Energy may become effective.

B. Conclusions and Findings

9. The Commission finds good cause to suspend the tariff page(s) submitted with Advice Letter No. 511 and set this matter for hearing. The concerns raised by Staff and the OCC warrant further investigation.

10. We refer this matter to an Administrative Law Judge (ALJ). We further direct the ALJ to set a hearing date and establish other procedures by separate order.

11. A pleading to intervene may be filed by any person, firm, or corporation desiring to be a party and fully participate in this proceeding, as ordered below. The filing of any other document protesting the tariff page(s) shall not allow participation as an intervenor in this matter.

II. ORDER

A. The Commission Orders That:

1. The proposed effective date, May 5, 2014, of the tariff page(s) filed by Atmos Energy Company of Colorado (Atmos Energy) with Advice Letter No. 511 is suspended for 120 days until September 2, 2014, or until further order of the Commission.

2. The tariff pages filed by Atmos Energy with Advice Letter No. 511 are set for hearing before an Administrative Law Judge (ALJ). The ALJ shall set a hearing date and establish other procedures by separate decision.

3. Any person, firm, or corporation, including any who have previously filed a document protesting the proposed tariff page(s), who desire to intervene and participate as a party in this proceeding shall file a motion to intervene with the Commission within 30 days after the mailing date of this Decision, and shall serve a copy of the motion on Atmos Energy's attorney of record.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 30, 2014.**

(S E A L)



ATTEST: A TRUE COPY



Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

PAMELA J. PATTON

GLENN A. VAAD

Commissioners