Page 752 1 STATE OF MISSOURI PUBLIC SERVICE COMMISSION 2 3 TRANSCRIPT OF PROCEEDINGS 4 5 Prehearing Conference 6 7 November 13, 2013 Jefferson City, Missouri 8 Volume 8 9 In the Matter of PGA/ACA Filing of 10) Atmos Energy Corporation for the) West Area (Old Butler), West Area 11) (Old Greeley), Southeastern Area)Case No.GR-2008-0364 (Old DEMO), Southeastern Area 12) (Old Neelyville), Kirksville Area) 13 and in the Northeastern Area.) 14 15 16 MICHAEL BUSHMANN, Presiding 17 REGULATORY LAW JUDGE 18 19 20 21 Monnie S. Mealy, CCR, CSR, RPR REPORTED BY: Midwest Litigation Services 22 3432 W. Truman Boulevard, Suite 207 Jefferson City, MO 65109 23 (573) 636-7551 24 25

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                      A P P E A R A N C E S
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P R O C E E D I N G S 1 JUDGE BUSHMANN: Let's go on the record. 2 3 Today is November 13, 2013, at 2:00 p.m. The Commission has set this time for a prehearing 4 5 conference in the case captioned as In the Matter of PGA/ACA Filing of Atmos Energy Corporation for 6 7 the West Area (Old Butler), West Area (Old Greeley), Southeastern Area (Old DEMO), 8 9 Southeastern Area (Old Neelyville), Kirksville area and in the Northeastern Area, File No. 10 GR-2008-0364. That's quite a caption. 11 12 My name is Michael Bushmann. I'm the Regulatory Law Judge assigned to remand of this 13 matter. Let's start with Counsel making their 14 15 entries of appearance for Atmos Energy Corporate? 16 MR. FISCHER: Let the record reflect the 17 appearance of James M. Fischer and Larry W. Dority of the law firm of Fisher & Dority, PC. Our 18 address is 101 Madison Street, Suite 400, Jefferson 19 City, Missouri, 65101. 20 21 JUDGE BUSHMANN: And for Office Public Counsel? 22 23 MR. POSTON: Mark Poston appearing for the Office of the Public Counsel and the Public, P.O. 24 Box 2230, Jefferson City, Missouri, 65102. 25

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1	JUDGE BUSHMANN: And Commission Staff?	
2	MR. BORGMEYER: Appearing on behalf of the	
3	Staff of the Missouri Public Service Commission,	
4	John Borgmeyer, Bob Berlin, and Kevin Thompson.	
5	Our address is P.O. Box 360, Jefferson City,	
6	Missouri, 65101.	
7	JUDGE BUSHMANN: And for the record, could	
8	the persons on the phone please identify	
9	yourselves?	
10	MR. MARTIN: Sure. This is Mark Martin,	
11	Atmos Energy Corporation. My address is 3275	
12	Highland Point Drive, Owensborough, Kentucky,	
13	42303.	
14	JUDGE BUSHMANN: Thank you, Mr. Martin.	
15	MS. HISE: And this is Erica Hise with	
16	Atmos Energy Corporation. My address is 5430 LBJ	
17	Freeway, Suite 1800, Dallas, Texas, 75240.	
18	JUDGE BUSHMANN: Thank you, Ms. Hise. Is	
19	there anyone else on the phone that's not already	
20	identified? I don't hear any.	
21	Well, the purpose of the prehearing	
22	conference today is pretty simple. I just wanted	
23	to find out what the parties think what should	
24	happen procedurally in order to resolve the matter.	
25	So if there are no additional material	

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1	facts that need to be discovered or found, is it
2	just that we need to have briefs and a new order?
3	Or if there are important facts that are not known
4	at this point, does there need to be additional
5	discovery and possibly a supplemental hearing?
6	So I throw that open to the parties to see
7	what you think. Mr. Fischer, i guess what's your
8	position on that?
9	MR. FISCHER: Well, Judge, I think we do
10	have a pretty much fully developed record except
11	for one area. The Supreme Court remanded the case
12	for additional evidence on fully distributed costs,
13	and that would be one piece of evidence that I
14	think would need to be added to the record.
15	Otherwise, the the the Court
16	directed the Commission to consider again whether
17	Atmos compensated its affiliate above the lesser of
18	the fair market price, which we've got a lot of
19	evidence on or fully distributed costs, but I think
20	it's that small piece of evidence that we probably
21	need to have supplemented in the record to fully
22	comply with the with the Court's directive.
23	The Court didn't reverse the Commission on
24	the merits. It reversed the Commission's use of
25	the the evidentiary standard of the presumption

1	of prudence. And it didn't get to the merits. So
2	I think at that point with that additional
3	evidence, I don't think we need to have a
4	full-blown hearing to look at everything.
5	It's already there except for this this
6	piece. So we would want some opportunity to
7	supplement the record with that. I hope, though,
8	that since we've been through this three times
9	almost now we had two different districts
10	opinions upholding essentially the same issues.
11	The Supreme Court is doesn't like the
12	use of the presumption of prudence in an affiliated
13	transaction case and had remanded it back on that
14	ground.
15	But I'd like to pursue today the
16	possibility of settling the case without having a
17	lot more time and effort being spent on it.
18	But we'll have to see if we can get there.
19	JUDGE BUSHMANN: Okay. And assuming for
20	the sake of argument that settlement doesn't work
21	out, what's your view of how we need to get to
22	presenting this additional evidence and getting it
23	into the record?
24	MR. FISCHER: Well, I think it if we
25	can get to a settlement, I think we would like to

1	have some discussions with the parties about what a
2	fully distributed cost study, how it should be
3	structured so that we don't have a lot of dispute
4	about - about the methodology.
5	And that may take some time. I would
6	think this probably early March, we would be
7	presenting some evidence of the fully distributed
8	costs after we've had some discussions s that among
9	the parties.
10	And then if we need additional anything
11	else, then I guess we can talk about it at that
12	point. But I think that would be ex expedited
13	way of handling that kind of thing.
14	JUDGE BUSHMANN: Okay. Mr. Poston, what's
15	your view of on that?
16	MR. POSTON: We would certainly support
17	settlement discussions with the company. That's
18	probably the preferred approach.
19	I don't necessarily agree that fully
20	distributed costs is the only issue that's going to
21	be needs to be looked at on remand.
22	There's both sides of the assymetrical
23	pricing statute are at issue on remand, and we
24	would just like to be given the opportunity to
25	present what evidence we think needs to be

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1	supplemented to support that standard.	
2	And then at that point, we would like	
3	opportunity for discovery on whatever supplemental	
4	testimony or whatever evidence they provide.	
5	JUDGE BUSHMANN: Okay.	
6	MR. POSTON: So that's it.	
7	JUDGE BUSHMANN: Mr. Borgmeyer, what about	
8	you?	
9	MR. BORGMEYER: I think Staff would also,	
10	obviously, discuss any kind of settlement that the	
11	company wants to put forward.	
12	As far as re-opening the record or re	
13	adding new evidence to the record, I think Staff	
14	would would want a full and fair opportunity to	
15	analyze and review whatever is being offered as new	
16	evidence.	
17	I think Staff's view is that the record	
18	was sufficient on its own and could just be	
19	rebriefed based on the legal standard that the	
20	Supreme Court said should apply.	
21	But if there is new evidence introduced, I	
22	think Staff would want a full opportunity to	
23	analyze that and, like Mr. Poston said, I don't	
24	know that we're prepared that we're prepared to	
25	agree that if the record is open that it would be	

re-examined on a -- on a narrow basis. There may 1 2 be other issues if the record is opened. 3 MR. THOMPSON: Yeah. If they're going to get a chance to make an additional showing that 4 5 they met the standard, then we'd like an opportunity to make an additional showing that they 6 7 didn't. 8 JUDGE BUSHMANN: Sure. Well, in reading 9 the Supreme Court's opinion, it appears that the 10 Court didn't think that the record was sufficient. So there -- on a couple of issues, both relating to 11 12 the affiliated transaction rule. So it may be that if this doesn't work, if 13 it doesn't work out, then we may need to have a new 14 procedural schedule, which the parties can agree 15 16 to. 17 So I quess since there's a possibility that settlement at least is an option, I'll give 18 the parties a chance to explore that option. 19 20 So I guess what I would propose would be 21 that in about a week, maybe November 21st, the parties -- after -- after I leave and you've had an 22 opportunity to discuss matters, you can file either 23 24 a status report -- if you find that your settlement discussions proceed and there's a possibility that 25

1	might work out, perhaps you just need more time.
2	So in that case, you can file a status report and
3	just keep the Commission involved in informed on
4	how it is proceeding.
5	If, for instance, these the settlement
6	discussions don't go anywhere and you don't think
7	that there's any possibility that that's going to
8	be fruitful, then I would suggest that you file
9	kind of a status report, just file a joint proposed
10	procedural schedule and see how the timeline might
11	work out for additional discovery, if necessary,
12	and additional evidence.
13	So it gives you a little flexibility to
14	deal with the options there depending on how your
15	discussions go.
16	MR. DORITY: I appreciate that, Judge. I
17	think that's helpful.
18	MR. FISCHER: Yeah.
19	JUDGE BUSHMANN: I don't think there's
20	anything that I need to be here for in that case
21	after after that, unless there's anything else
22	that any of the parties need to bring up anything
23	else before we get to that point?
24	MR. POSTON: I don't think so.
25	JUDGE BUSHMANN: Staff?

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Page 762 1 MR. BORGMEYER: I don't think so. 2 JUDGE BUSHMANN: Company? 3 MR. DORITY: No. I don't think so. MR. FISCHER: Good. Thank you. 4 5 JUDGE BUSHMANN: All right. I think that's -- that's all that can be addressed today on 6 the record. So we'll go off the record. 7 MR. THOMPSON: Thank you, Judge. 8 JUDGE BUSHMANN: And the phone bridge is 9 own it till -- it's open till four. 10 MR. DORITY: We'll leave it open. 11 12 JUDGE BUSHMANN: So that gives you a chance to a have your talks, so I'll leave you to 13 14 it. MR. BORGMEYER: You order with November 15 21st being the --16 17 JUDGE BUSHMANN: I'll issue a notice saying that I had this direction during the 18 19 pre-hearing conference, and so that way, there's something in writing. 20 21 MR. BORGMEYER: Okay. Thank you. (The proceedings were concluded at 2:11 p.m. on 22 23 November 13, 2013.) 2.4 25

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1	REPORTER'S CERTIFICATE
2	
3	STATE OF MISSOURI)
4)ss.
5	COUNTY OF OSAGE)
6	
7	I, Monnie S. Mealy, Certified Shorthand Reporter,
8	Certified Court Reporter #0538, and Registered Professional
9	Reporter, within and for the State of Missouri, do hereby
10	certify that I was personally present at the proceedings as
11	set forth in the caption sheet hereof; that I then and there
12	took down in stenotype the proceedings had at said time and
13	was thereafter transcribed by me, and is fully and accurately
14	set forth in the preceding pages.
15	
16	
17	
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20	Monnie S. Mealy, CSR, CCR #0538
21	Registered Professional Reporter
22	
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24	
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