



January 10, 2012

RECEIVED

JAN 11 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Case No. 2011-00395

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original and six (6) copies of the Company's responses to Staff's second request for information in the above referenced case.

Please contact myself at 270.685.8024 if the Commission or Staff has any questions regarding this matter.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Martin".

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosures

cc: Collaborative Board Members
Mr. Mark R. Hutchinson

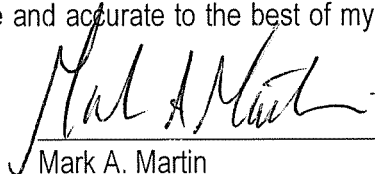
Atmos Energy Corporation Kentucky

Case No. 2011-00395

RESPONSES TO COMMISSION STAFF'S SUPPLEMENTAL DATA REQUESTS

VERIFICATION

I, Mark A. Martin, being duly sworn under oath, state that I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Midstates Division, and that the statements contained in the following Responses are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.



Mark A. Martin

CERTIFICATE OF SERVICE

I hereby certify that on the 10 day of January, 2012, the original of the Company's attached Responses, together with seven (7) copies were filed with the Kentucky Public Service Commission, 211 Sower Blvd, P.O. Box 615, Frankfort, Kentucky 40206 and a copy was also served on Dennis Howard, Office of the Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.



Mark R. Hutchinson

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 1
Witness: Mark A. Martin

REQUEST:

Refer to the response to Item I of Commission Staffs Initial Request for Information ("Staffs First Request"). Provide the number of households that would have been eligible for \$3,000 after the final Order in Case No. 2010-00305, assuming weatherization assistance were still approved for that level.

RESPONSE:

Between July 2011 and the end of October 2011 forty-eight (48) households received weatherization assistance and could have been eligible for the \$3,000 rebate if it had been in effect. We have not been invoiced for November and December 2011 as of the date of this response.

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 2
Witness: Mark A. Martin

REQUEST:

Refer to the response to Item 2 of Staff's First Request.

- a. Explain what information is included on the invoices, whether Atmos receives itemized invoices, or if it makes lump sum payments for unspecified components and processes.
- b. Provide average weatherization costs per household on an annual basis from the inception of the program through December 2011.

RESPONSE:

- a. Client information, certifications, authorizations, fuel usage, work order, costs and Atmos' share of costs are all included on the invoice. Please see the attached example.
- b. See the table below. Except for 2011, all information is for the 12 month calendar year. It should also be noted that until September 2009 the cap was \$1,500 per home. For 2011 the data is through October 2011. Invoices for November and December 2011 have not been received as of the time of this response.

Average Weatherization Assistance Since Program Inception			
Year	Total Funds	Total HHs	Per HH Average
2000	\$ 127,606.94	109	\$ 1,170.71
2001	196,356.31	156	1,258.69
2002	199,992.03	150	1,333.28
2003	144,560.01	103	1,403.50
2004	173,084.31	115	1,505.08
2005	193,265.67	128	1,509.89
2006	197,863.33	136	1,454.88
2007	140,647.75	95	1,480.50
2008	99,176.69	73	1,358.58
2009	165,210.83	105	1,573.44
2010	296,599.23	136	2,180.88
2011	223,843.06	116	1,929.68
Totals	\$ 2,158,206.16	1,422	\$ 1,517.73

WX-800

(Rev. 07/01/2006)

Application & Prioritization:

C-205132
845267

Kentucky Housing Corporation

(Weatherization)

Excellent

Points: 15

Application No: 6229034

2011-3-26-10

Service 1 Audubon

Primary Fuel: Natural Gas

Applicant:

Housing Status: Own

Social Security

County: 30 Daviess

Address:

Phone #:

Housing Type: House

Directions:

gps

Ownership Verification

deed book 640 page 430

Initial TL

Date 12-10-10

Occupant(s) Names:	Sex:	Age:	Social Security #:	Ethnic Group:	Relation To Applicant:	Type of Income:	Monthly Income:	Verified By:
				Non-Hispanic	Self	No Income	\$300.00	Zero Income Verification

Number & Type of Occupants:

Elderly: 0
 Disabled: 0
 Children under 6: 0
 Other: 1
 Total Occupants: 1

Does this household contain a member who has received cash assistance payment under Title IV (TANIF) or XVI (SSI) of the Social Security Act at any time during the twelve (12) month period prior to the determination of eligibility for Weatherization assistance?
 Yes No

Total:

Monthly Income: 300
 Annual Income: 3600
 % of Poverty: 33.24%

(Divide annual income by 100% of poverty level)

I understand that legal action can be taken in case of false statements, including repayment for any services received under the Weatherization Program. I certify that to the best of my knowledge, the information provided here is correct, and accurately reflects my family size, sources of income, and total amount of income for the preceding twelve (12) months. I also agree to immediately notify the agency of any changes in the above information prior to my receiving assistance.

Applicant's Signature

12-10-10

Date

Re-certification

If it has been more than twelve (12) months and the application has not received service then this section must be signed. Unless the applicants amount of income and or family size has changed, a new application must be completed.

X

Applicant's Signature

Date

FOR OFFICE USE ONLY

Interviewer:

Joy R. ...

Date: 12/10/2010

WX

Sandra ...

Eligible: Yes No

Date: 1/1/11

Application No: 6229034

Date: 12/10/2010



FUEL USAGE INFORMATION

Month	Primary Natural Gas		Secondary		Electric	
	Units Used	Cost	Units Used	Cost	Units Used	Cost
July	7	\$18.05	0	\$0.00	1	\$90.81
August	3	\$15.18	0	\$0.00	1	\$66.04
September	5	\$16.54	0	\$0.00	1	\$35.56
October	2	\$14.49	0	\$0.00	1	\$15.88
November	41	\$38.67	0	\$0.00	1	\$21.06
December	134	\$112.41	0	\$0.00	1	\$31.12
January	134	\$102.19	0	\$0.00	1	\$27.94
February	131	\$114.07	0	\$0.00	1	\$26.04
March	72	\$68.13	0	\$0.00	1	\$20.96
April	17	\$24.57	0	\$0.00	1	\$19.05
May	7	\$14.79	0	\$0.00	1	\$35.56
June	7	\$17.38	0	\$0.00	1	\$75.57
Total:	560	\$556.47	0	\$0.00	12	\$465.59

Total Annual Energy \$1,022.06

ATMOS 41

Primary Vendor Name
PO Box 95708,
Street Address
St. Louis, MO 63195-7608
City, State Zip

Account Number

Customer's Name

HOUSEHOLD POINTS

Total Number of Occupants that Are:

Disabled &/or Elderly: 0 X 5 = 0 Points
 Children (< 6): 0 X 5 = 0 Points
 If household consists of a single Elderly and/or Disabled occupant: 0 X 5 = 0 Points
 Total Family 1 X 1 = 1 Points

INCOME POINTS (% OF POVERTY LEVEL)

100% - 200% = 1 Points
 75% - 99% = 2 Points
 < 75% = 3 Points
 Poverty Level Points: = 3 Points

PRIMARY FUEL TYPE

Elec = 8 Points Coal* = 2 Points
 Prop = 6 Points Wood* = 4 Points
 Oil = 4 Points Gas = 3 Points

Primary Fuel Points = 3 Points

* If household contains only Elderly & / or Disabled, Add (4) points if heating with wood, and (6) points for heating with coal.

FUEL COST POINTS

Water Heating Fuel Gas Electric Prop
 Does household have air conditioning? Yes No
 \$1,022.06 / \$3,600.00 = 28.39%
 Total Energy Annual Income

0-5% = 2 Points 22-28% = 8 Points
 6-14% = 4 Points 29-33% = 10 Points
 15-21% = 6 Points Over 34% = 15 Points
 *ZERO income = 15 Points

15% or Greater = High Energy User!

Fuel Cost Total Points = 8 Points

Add all points in right column for Total Priority Points

Total Priority Points: = 15 Points

Will or has this dwelling been designated for acquisition or clearance by Federal, State, or Local program within (12) months from scheduled weatherization? Yes No If yes: Month _____ Year _____

Has this dwelling been weatherized since Oct. 1994? Yes No If yes: Month _____ Year _____

I, I hereby authorize Audubon

- To install every measure listed on the dwelling evaluation checklist on my residence (pursuant to my landlord's approval, if applicable) and agree to pay cost of expended materials and labor if I stop the work prior to completion;
- To verify all sources of personal and household income for the purpose of determining my eligibility for the weatherization program: To verify the ownership of the dwelling at the address shown on this application (pursuant to my landlord's approval if applicable)
- To obtain information pertaining to my heating bills from any and all vendors, past, present, and future, who supply me with heating fuel or energy;
- To recover from me (or landlord pursuant to his approval, if applicable) the cost of labor and materials for weatherizing my residence if it is sold within a 12 month period of services being provided; however, I understand that no liens will be placed on this residence related to weatherization;
- To permit my residence to be inspected by State Monitoring staff;
To permit full access to my home and its immediate surroundings by weatherization staff & subcontractors of the service provider during all phases of work related to this program.

2. I have been informed of my rights to file a grievance and the method for obtaining a hearing.

Applicant's Signature

12/10/2010

Date



Work Order

WORK ORDER INFORMATION

Work Order Name: \
Work Order Type: Weatherization
Audit Name:

CLIENT INFORMATION

Client Name: Address:
Client ID: Owensboro, KY 42303
Alt. Client ID: DA-3860

CLIENT CONTACT INFORMATION

259 Applicant/Person of Record Daughtrs Phone

AGENCY INFORMATION

Agency: Audubon Area Community Services, Inc Agency Phone: (270) 686-1600
Address: 1700 West 5th Street Fax: (270) 686-1624
Owensboro, KY 42301 Email Address: sharper@audubon-area.com
Agency Contact: Bartholomy, Jude Work Phone: (270) 302-7773
Cell Phone:
Email Address: jbartholomy@audubon-area.com

Company Name & License Number: _____

Contractor's Signature: _____

COMMENT

PLATFORM/WESTERN WALLS.
INITIAL BLOWER DOOR: 2391 @ cfm 50.
TARGET: 1800 @ cfm 50.

Measure 7 Smart Thermostat

Components

Inspected

Comment

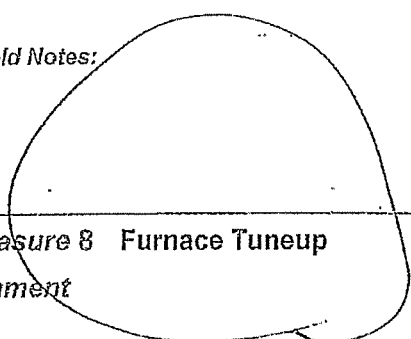
JB

#	Material / Labor	Description /Comment	Units	Qty	Estimated		Actual		
					Unit Cost	Total	Qty	Unit Cost	Total
1	Heating Equipmen	Smart Thermostat INSTALL SMART THERMOSTAT.	Each	1	\$75.00	\$75.00			75.00
2	Labor	Smart Thermostat	Each	1	\$50.00	\$50.00			50.00

Other Detail

Measure Sub Total: \$125.00 Sub Total: 125.00

Field Notes:



Measure 8 Furnace Tuneup

Components

Inspected

Comment

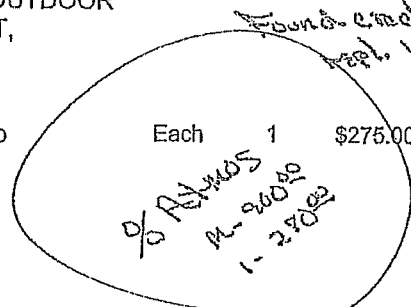
JB

#	Material / Labor	Description /Comment	Units	Qty	Estimated		Actual		
					Unit Cost	Total	Qty	Unit Cost	Total
1	Heating Equipmen	Furnace Tuneup CLEAN/TUNE OUTDOOR PACKAGE UNIT, VACCUM OUT COBWEBS.	Each	1	\$45.00	\$45.00			45.00
2	Labor	Furnace Tuneup	Each	1	\$275.00	\$275.00			275.00

Other Detail

Measure Sub Total: \$320.00 Sub Total: 320.00

Field Notes:



COST BREAKDOWN WORK SHEET

HEALTH & SAFETY POST INSPECTION:

That this work had been successfully completed in compliance with all Health & Safety testing standards of the Kentucky Weatherization Program Manual.

Post Inspector signature _____

Date _____

REGULAR WEATHERIZATION POST INSPECTION:

That this work had been successfully completed, all materials been installed in compliance with all programs applicable programs standards of the Kentucky Weatherization Program Manual.

Post Inspector signature _____

Date _____

Work Category	ESTIMATED COST			ESTIMATED COST			ACTUAL COST		
	Materials	+ Labor	= Total	Materials	+ Labor	= Total	Materials	+ Labor	= Total
al								211.91	211.91
LS				900.00	280.00	1180.00	1815.41	714.00	2529.41
al							1505.00	440.00	1945.00
							1815.41	9125.91	2741.32
	H & S Overhead			H & S Total	1180.00		H & S Overhead		
	H & S Total						H & S Total		
				Contractors signature _____		Date _____			
Infil							72.99	143.00	215.99
t Ins									
oad							372.60	48.00	420.60
ceil									
ound									
Rep							14.09	38.00	52.09
eval				04 - 177.00	+ 177.00			202.17	202.17
							465.86	431.17	897.03
	Reg Wx Overhead			Reg Wx Total			Reg Wx Overhead		
	Reg Wx Total						Reg Wx Total		
				Contractors signature _____		Date _____			
	Total Est. Cost						Total Actual Cost		
				Total Bid Cost	1357		3683.03		

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 3
Witness: Mark A. Martin

REQUEST:

Refer to the response to Item 5 of Staff's First Request. Explain why Atmos believes that the expiration date of the American Recovery and Investment Act funding for weatherization will be on or around March 31, 2012.

RESPONSE:

The Company contacted Ms. Tiffany Marthaler, Senior Director, Program Administration for the Kentucky Housing Corporation. Ms. Marthaler is responsible for the weatherization program in the Commonwealth. On December 14, 2011 Ms. Marthaler's responded:

"Per your request, the official completion date for the expenditure of funds for the ARRA Weatherization Assistance Program is March 31, 2012. As of last week, DOE announced the option of extending the completion date on a state by state needed basis. As of this time, a determination of an extension request has not been officially submitted. So until further notification, the current completion date for ARRA weatherization is still March 31, 2012. This is subject to change based on the recent allowance of DOE to grant extensions."

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 4
Witness: Mark A. Martin

REQUEST:

Refer to the response to Item 6 of Staff's First Request.

- a. Confirm that the \$12,900 that is listed on Tab 2, page 4, consists solely of employee costs related to the education component of the program, and that these costs are not included in the \$20,000 Education Program costs set out on page 5 of Tab 2.
- b. Explain whether Atmos believes it is reasonable to include costs for the same employees both in base rates and in the DSM surcharge.

RESPONSE:

- a. The \$12,900 represents the employee overhead costs for the entire DSM program and is not included in the \$20,000 Education Program costs shown on page 5 of Tab 2.
- b. The Company does not believe that it would be appropriate to recover costs through the DSM surcharge that are also recovered through base rates; however, the Company cannot explicitly state that 100% of its employees costs are recovered through base rates since its most recent rate case was a "black box" settlement. As discussed in the response to Staff's Question 6 from its initial set of data requests, the Company has estimated \$12,900 in costs associated with its employees administering its DSM Program. While the Company views this estimated cost as minimal to the overall program, the Company would be amenable to the exclusion of such costs if that is the Commission preference.

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 5
Witness: Mark A. Martin

REQUEST:

Provide support for the \$20,000 included for Education Program costs, considering the Cumulative Total of \$9,980 shown as Education expenses on the first page of Tab 4.

RESPONSE:

The Cumulative Total of \$9,980 reflects the material and supply costs for the classes at the various elementary schools. Expanding the program to all grade levels, as well as adult groups, should significantly increase these costs as a larger audience is reached. We are simply trying to estimate on the high side so that the Commission and interveners will know the potential costs. The annual balancing adjustment will true up any over or under collection for the program.

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 6
Witness: Mark A. Martin

REQUEST:

Refer to the responses to Items 8 and 9 of Staff's First Request. Considering the response that a greater incentive is offered for a water heater for which the gas savings is greater, explain whether Atmos considered offering a greater rebate for a cooking product producing greater savings as opposed to offering standard \$500 rebates.

RESPONSE:

We did not consider anything other than a standard \$500 rebate. Staff makes a great point but since this is our first foray into commercial equipment rebates, we felt that for simplicity's sake that a standard rebate would be less confusing to our customers. If the parties in this matter wish, we would consider altering the rebates so that equipment with the most gas savings receives a higher rebate.

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 7
Witness: Mark A. Martin

REQUEST:

Refer to the Application, Tab 2 at page 4. Explain why no Customer Awareness costs are allocated to commercial customers.

RESPONSE:

The referenced page does include an allocation of \$25,000 for Customer Awareness for commercial customers.

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 8
Witness: Mark A. Martin

REQUEST:

Refer to the response to Item 15 of Staffs First Request. The table containing the number of participants in rebate programs shows that 713 customers participated in the furnace rebate program from January through December 2010. The 22-month average provided below the table shows that an average of 50.5 per month, or an average of 606 customers annually, participates in the furnace rebate program.

- a. Tab 2, page 2 of 27, shows 1,800 total estimated participants in the residential furnace rebate programs, which is the same estimated number of furnace rebate program participants in Case No. 2008-00499. Explain the reasonableness of continuing to use this estimate in light of the historical participation shown in Item 15.
- b. Explain the impact on Atmos' proposed Demand Side Management Cost Recovery Component ("DCRC") of continuing to include more than twice the number of historical annual participants in the residential furnace rebate program.
- c. Explain whether Atmos would be willing to modify its Balancing Adjustment ("BA") methodology to net the over-recovery that would flow through its BA in 2012 against its proposed DCRC in order to return the over-recovered amount more quickly.

RESPONSE:

- a. On Tab 2, page 2 of 27, the estimated participants in the residential rebate program is actually 1,200. Total furnace rebates for residential and commercial customers are 1,800. Based on our history and the change to tiered rebates, we reduced the 1,800 residential furnace rebates found in the 2008 case from 1,800 to 1,200. As indicated in our initial response we have estimated on the high side so that the PSC and interveners would have a clearer picture of the program's potential. We are also hopeful that the higher rebate amounts for higher efficiency equipment will encourage more customers to participate. Finally, the annual balancing adjustment will adjust any over or under recoveries.
- b. We do not believe there is any material impact to the DCRC since the annual Balancing Adjustment will true-up over or under recoveries.
- c. The Company is not necessarily opposed to changes in the BA methodology; however, the Company prefers its existing methodology. Any changes to the BA methodology need to be the same whether the Company is in an over-recovered or an under-recovered position.

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 9
Witness: Mark A. Martin

REQUEST:

Refer to the Application, Tab 2 at page 1. Explain why the Annual Average Recovery Cost per Customer calculation does not include the estimated rebates as it did in Atmos' application in Case No. 2008-00499.

RESPONSE:

The rebates are included in the Annual Average Recovery Cost per Customer calculation. Please refer to Tab 2, page 4 (Billing Factor Calculation). This page clearly reflects that rebates were included in the calculation. Page 1 in the 2008 filing and this one is the same except for the column that was added for G-1 Commercial customers in the 2011 filing. The DSMRC is linked directly to the calculations on page 4.

Atmos Energy Corporation
Staff's Supplemental Data Request Dated December 12, 2011
Case No. 2011-00395
Question No. 10
Witness: Mark A. Martin

REQUEST:

Refer to the response to Item 17 of Staffs First Request. Explain how the response to 17a is responsive for 17b.

RESPONSE:

It is not responsive. Please forgive our unintentional oversight. The following is offered as our response to 17b.

The costs cannot be broken down among the programs. However, if approved, any Customer Awareness costs that is attributable to a specific program can and will be broken out.

- a. Customer Awareness – Costs associated with promotional materials (posters, mailings, truck pads, bill inserts, advertising, etc.) for our energy efficiency programs are charged to this item.
- b. Supplies – Office supplies needed for the general administration of the program are included in this item.
- c. Program Overhead – Reflects the estimated prorated portion of an employee's time that is charged to the DSM program.

Atmos Energy Corporation
KSPC Initial Data Request Dated October 31, 2011
Case No. 2011-00395
Question No. 11
Witness: Mark A. Martin

REQUEST:

Refer to the response to Item 17c of Staffs First Request. For purposes of comparison, and because of Atmos' current DSM tariff requirements, provide Schedule C of Tab 2 using 10 years of data, along with any other revisions necessitated by the use of 10 as opposed to 25 years, including pages 11 through 27 of Tab 2.

RESPONSE:

The measure life column in Tab 2, page 5 (Schedule A) was changed to 10 years for each measure. Since this one change flowed through to most of the other pages in Tab 2, we have attached the entire document for your use. The result of the change was to lower all of the California Test results. However, except for the RIM test, all other tests still had a benefit greater than one. We continue to maintain that the better analysis uses the life of the measure and not an arbitrary 10 year period that may or may not reflect the life of the individual measure.

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Atmos Energy's Demand Side Management Application October 2011

Program Summary

Total DSM Cost for recovery	California Tests	Year 1	
		G-1 Residential \$	G-1 Commercial \$
Program Costs	<u>DCRC</u>	\$ 507,246	\$ 54,628
Lost Sales	<u>DLSA</u>	\$ 44,588	\$ 15,797
Program Incentive	<u>DIA</u>	\$ 155,200	\$ 115,100
Program Balancing Adjustment	<u>DBA</u>	\$ (412,363)	\$ 0
Annual Average Recovery Cost per Customer	<u>DSMRC</u>	\$ 5.17	\$ 26.92

	Benefit/ Cost Ratio
<u>Participant Test</u>	1.86
<u>Program Admin Test</u>	1.92
<u>Ratepayer Impact Test (RIM)</u>	0.61
<u>Total Resource Cost Test (TRC)</u>	1.02

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Atmos Energy Variable Data

Atmos Data		based on 12 months from May 2010 thru April 2011		
1.	# Kentucky Residential Customers		153,261	
2.	Residential Sales Volumes (Ccf)		105,470,435	
1a.	# Kentucky Commercial Customers		17,245	
2a.	Commercial Sales Volumes (Ccf)		47,754,931	
3.	Estimated Participants	Total	Residential	Commercial
a)	Furnace AFUE 90 - 93	900	600	300
b)	Furnace AFUE 94 - 95	600	400	200
c)	Furnace AFUE 96 or >	300	200	100
d)	Boiler AFUE 85 -89	15	10	5
f)	Tank Water Heater EF .62 - .66	100	75	25
g)	Tank Water Heater EF .67 or >	200	150	50
h)	Tankless/Condensing Water Heater EF >.82	200	150	50
k)	Programmable Thermostat (manual)	900	600	300
l)	Weatherization	125	125	0
m)	Commercial Fryer	25	0	25
n)	Commercial Griddle	25	0	25
o)	Commercial Oven	25	0	25
p)	Commercial Steamer	25	0	25
4.	Atmos Distribution Charge \$	0.110		
5.	Average Heat use (ccf) per customer	466.00		
6.	Average water heating use (ccf) per customer	196.00		
7.	Proposed Rebates			
	Furnace AFUE 90 - \$	250		
	Furnace AFUE 94 - \$	325		
	Furnace AFUE 96 c \$	400		
	Boiler AFUE > 85 \$	250		
	Tank Water Heater \$	200		
	Tank Water Heater \$	300		
	Tankless/Condensi \$	400		
	Programmable The \$	25		
	Commercial Fryer E \$	500		
	Commercial Griddle \$	500		
	Commercial Oven E \$	500		
	Commercial Steam \$	500		
8.	Weatherization Pro: \$	3,000		
9.	Incremental Cost of 90-93 AFUE furnace \$	654		
	Incremental Cost of 94-95 AFUE furnace \$	973		
	Incremental Cost of 96 or > AFUE furnace \$	1,467		
	Incremental Cost of 85-89 AFUE boiler \$	1,000		
	Incremental Cost of Programmable Thermostat \$	14		
	Incremental Cost of .62 EF tank W/H \$	71		
	Incremental Cost of .67 EF tank W/H \$	634		
	Incremental Cost of .82-.90 EF tankless W/H \$	836		
	Incremental Cost for Gas Fryer \$	50		
	Incremental Cost for Gas Griddle \$	60		
	Incremental Cost for Gas Oven \$	50		
	Incremental Cost for Gas Steamer \$	420		
10.	Discount Rate	8.81%		

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Deemed Savings for Measures

Measure	Efficiency Level	Kentucky	
		Savings (CCF)	Savings (Therm)
Forced Air Furnace	92% AFUE	126.6	130.3
Forced Air Furnace	94% AFUE	141.6	145.8
Forced Air Furnace	96% AFUE	156.0	160.6
Boiler	85% AFUE	49.0	50.4
Boiler	90% AFUE	92.5	95.1
Tank Water Heater	0.62 EF or greater	8.7	8.9
Tank Water Heater	0.67 EF or greater	23.4	24.1
Tankless Water Heater	0.82 - .90 EF	56.9	58.6
Tankless Water Heater	0.91 EF or greater	71.7	73.8
Condensing Water Heater	0.90 EF or greater	70.2	72.3
Programmable Thermostat	Manual	26.7	27.4
Weatherization	30% Savings	252.9	275.7
Fryer	EnergyStar	490.8	505.0
Griddle	EnergyStar	143.8	148.0
Oven	EnergyStar	297.4	306.0
Steamer	EnergyStar	1,036.0	1,066.0

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Billing Factor Calculation**

Program Begins: January 1, 2012
 Program Year End: December 31, 2012
 Rate Effective: January 1, 2012

DCRC = DSM Cost Recovery-Current

Program Costs	G-1 Residential	G-1 Commercial
Rebates	\$ 497,500	\$ 278,750
Program Costs (Weatherization & Education)	\$ 395,000	\$ -
Customer Awareness	\$ 50,000	\$ 25,000
Program Administration	\$ 46,903	\$ 22,071
Supplies	\$ 6,700	\$ 3,300
Program Overhead	\$ 8,643	\$ 4,257
Total Program Costs	\$ 1,004,746	\$ 333,378
Excluding Rebates	\$ 507,246	\$ 54,628
TOTAL DCRC	G-1 Residential \$ 507,246	G-1 Commercial \$ 54,628

DLSA = DSM Lost Sales Adjustment

Current Year Program Participation (Schedule A)

Rate	# of Participants	CCF Conserved	Distribution Charge	Lost Sales
G-1 Residential Customers	2,310	224,660	\$ 0.1100	\$ 24,713
G-1 Commercial Customers	1,130	143,605	\$ 0.1100	\$ 15,797
Total Current Year Lost Sales	3,440	368,265		\$ 40,510
Cumulative Prior Years Participation (Schedule B)	1,756	180,685	\$ 0.1100	\$ 19,875
TOTAL DLSC	5,196	548,950		\$ 60,400

DIA = DSM Incentive Adjustment

	G-1 Residential	G-1 Commercial
Program Benefits (Schedule C)	\$ 1,542,183	\$ 821,682
Less: Program Costs	\$ (507,246)	\$ (54,628)
Net Resource Savings	\$ 1,034,937	\$ 767,054
Incentive Percentage	15%	15%
DIA	\$ 155,200	\$ 115,100

DBA = DSM Balance Adjustment

	G-1 Residential	Balancing Adjustment	G-1 Commercial
<u>Under/(Over) Recovery</u>	Estimated Residential Sales		
\$ (412,362.61)	105,470,435	\$ (0.00391)	New program; hence no balancing adjustment.

DSMRC = DSM Cost Recovery Component

G-1 Residential		
Estimated Residential Sales	105,470,435	Ccf
Estimated Residential Customers	153,261	
Recovery Amount	Rate, per Ccf	
DCRC \$ 1,004,746	\$ 0.0095	
DLSA \$ 44,588	\$ 0.0004	
DIA \$ 155,200	\$ 0.0015	
DBA \$ (412,363)	\$ (0.0039)	

TOTAL DSMRC \$ 792,172 \$ 0.00749

Annual Cost Recovery per G-1 Residential Customers \$ 5.17

G-1 Commercial		
Estimated Commercial Sales	47,754,931	Ccf
Estimated Commercial Customers	17,245	
Recovery Amount	Rate, per Ccf	
DCRC \$ 333,378	\$ 0.0070	
DLSA \$ 15,797	\$ 0.0003	
DIA \$ 115,100	\$ 0.0024	
DBA \$ -	\$ -	

TOTAL DSMRC \$ 464,275 \$ 0.0097

Annual Cost Recovery per G-1 Commercial Customers \$ 26.92

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Schedule A - Current Year Participation Detail

Program Year End: December 31, 2012

G-1 Residential Efficiency Heating Savings	Program Participants	CCF Conservation		Rebate		Measure	
		Per Participant	Total	Amount	Total	Life	Source
Furnace AFUE 92 - 93	600	126.64	75,983	\$ 250	\$ 150,000	10	DEER
Furnace AFUE 94 - 95	400	141.65	56,660	\$ 325	\$ 130,000	10	DEER
Furnace AFUE 96 or >	200	156.04	31,207	\$ 400	\$ 80,000	10	DEER
Boiler AFUE > 85	10	48.95	490	\$ 250	\$ 2,500	10	DEER
Programmable Thermostat	600	26.67	16,004	\$ 25	\$ 15,000	10	DEER
Totals	1,810	NA	180,343	NA	\$ 377,500		

G-1 Commercial Efficiency Heating Savings	Program Participants	CCF Conservation		Rebate		Measure	
		Per Participant	Total	Amount	Total	Life	Source
Furnace AFUE 92 - 93	300	126.64	37,991	\$ 250	\$ 75,000	10	DEER
Furnace AFUE 94 - 95	200	141.65	28,330	\$ 325	\$ 65,000	10	DEER
Furnace AFUE 96 or >	100	156.04	15,604	\$ 400	\$ 40,000	10	DEER
Boiler AFUE >85	5	48.95	245	\$ 250	\$ 1,250	10	DEER
Programmable Thermostat	300	26.67	8,002	\$ 25	\$ 7,500	10	DEER
Totals	905	NA	90,171	NA	\$ 188,750		

G-1 Residential Water Heating Savings	Program Participants	CCF Conservation		Rebate		Measure	
		Per Participant	Total	Amount	Total	Life	Source
Tank Water Heater EF .62 - .66	75	8.66	650	\$ 200	\$ 15,000	10	DEER
Tank Water Heater EF .67 or >	150	23.43	3,515	\$ 300	\$ 45,000	10	DEER
Tankless/Condensing Water Heater EF > .82	150	56.94	8,541	\$ 400	\$ 60,000	10	DEER
Totals	375	NA	12,705	NA	\$ 120,000		

G-1 Commercial Water Heating Savings	Program Participants	CCF Conservation		Rebate		Measure	
		Per Participant	Total	Amount	Total	Life	Source
Tank Water Heater EF .62 - .66	25	8.66	217	\$ 200	\$ 5,000	10	DEER
Tank Water Heater EF .67 or >	50	23.43	1,172	\$ 300	\$ 15,000	10	DEER
Tankless/Condensing Water Heater EF > .82	50	56.94	2,847	\$ 400	\$ 20,000	10	DEER
Totals	125	NA	4,235	NA	\$ 40,000		

G-1 Commercial Cooking Equipment Savings	Program Participants	CCF Conservation		Rebate		Measure	
		Per Participant	Total	Amount	Total	Life	Source
Fryer EnergyStar Rated	25	490.77	12,269	\$ 500	\$ 12,500	10	Energy Star
Griddle EnergyStar Rated	25	143.83	3,596	\$ 500	\$ 12,500	10	Energy Star
Oven EnergyStar Rated	25	297.38	7,434	\$ 500	\$ 12,500	10	NEEP
Steamer EnergyStar Rated	25	1,035.96	25,899	\$ 500	\$ 12,500	10	Energy Star
Totals	100	NA	49,198	NA	\$ 50,000		

Weatherization	Program Participants	CCF Conservation		Rebate		Measure	
		Per Participant	Total	Amount	Total	Life	Source
	125	252.9	31,613	\$ 3,000	\$ 375,000	10	DEER

Education Program	Program Participants	Per Participant	Total	Amount	Total	Life	Source
					\$ 20,000		

Totals by Customer Class	Program Participants	CCF Conservation		Rebate		Life	Source
		Per Participant	Total	Amount	Total		
G-1 Residential Totals	2,310	Varies see above	224,660	Varies see above	\$ 892,500		
G-1 Commercial Totals	1,130	Varies see above	143,605	Varies see above	\$ 278,750		

%age Commercial	33%	39%	24%
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Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Annual Savings**

SAVINGS

Year	G-1 Res. Heating	G-1 Comm. Heating	G-1 Res. Water	G-1 Comm. Water	G-1 Comm. Cooking Equipment	Weather-ization	Res. Total	Comm. Total	Total
1	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
2	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
3	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
4	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
5	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
6	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
7	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
8	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
9	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
10	180,343	90,171	12,705	4,235	49,198	31,613	224,660	143,605	368,265
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-
23	-	-	-	-	-	-	-	-	-
24	-	-	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-	-	-

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Energy Federation, Inc. Administrative Costs**

EFI Budget Estimates for Administration of Kentucky DSM Appliance Rebate Program

Annual Budget

	Unit Cost	Residential Costs	Commercial Costs	Total Cost
Estimated Rebates		2,185	1,130	
Processing fee	\$ 9.00	\$ 19,665	\$ 10,170	\$ 29,835
"Cost of Money" Charge	1%	\$ 8,925	\$ 2,788	\$ 11,713
Reservation Fee	\$ 4.00	\$ 9,240	\$ 4,520	\$ 13,760
Customer e-mails (EFI to cust.)	\$ 2.50	\$ 1,093	\$ 565	\$ 1,658
Customer Service Phone Chg.(hours)	\$ 39.00	\$ 1,775	\$ 918	\$ 2,693
Program Management fee	\$ 1,500	\$ 4,020	\$ 1,980	\$ 6,000
Totals		\$ 46,903	\$ 22,071	\$ 65,658

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
DSM APPLIANCE INFORMATION

FURNACES

Contractor Location	Brand	Unit Sizing	Avg. 80% Efficiency	Avg. 90% Efficiency	Incremental Cost
Bowling Green	York	2,000 sq ft.	\$ 1,155	\$ 1,598	\$ 443
Danville	Carrier	2,000 sq ft.	\$ 2,300	\$ 3,000	\$ 700
Danville	Trane	2,000 sq ft.	\$ 1,700	\$ 2,500	\$ 800
Owensboro	York	2,000 sq ft.	\$ 500	\$ 1,000	\$ 500
Owensboro	Rheem	2,000 sq ft.	\$ 740	\$ 964	\$ 224
Owensboro	Carrier	2,000 sq ft.	\$ 800	\$ 1,500	\$ 700
Average Incremental Cost					\$ 561

Contractor Location	Brand	Unit Sizing	Avg. 80% Efficiency	Avg. 92% Efficiency	Incremental Cost
Danville	Carrier	2,000 sq ft.	\$ 2,300	\$ 3,200	\$ 900
Danville	Trane	2,000 sq ft.	\$ 1,700	\$ 2,500	\$ 800
Owensboro	Heil	2,000 sq ft.	\$ 800	\$ 1,376	\$ 576
Owensboro	Carrier	2,000 sq ft.	\$ 800	\$ 1,700	\$ 900
Average Incremental Cost					\$ 794
Average Incremental Cost 90-92 AFUE					\$ 654

Contractor Location	Brand	Unit Sizing	Avg. 80% Efficiency	Avg. 94% Efficiency	Incremental Cost
Danville	Carrier	2,000 sq ft.	\$ 2,300	\$ 3,400	\$ 1,100
Danville	Trane	2,000 sq ft.	\$ 1,700	\$ 2,900	\$ 1,200
Owensboro	Heil	2,000 sq ft.	\$ 800	\$ 1,418	\$ 618
Average Incremental Cost					\$ 973

Contractor Location	Brand	Unit Sizing	Avg. 80% Efficiency	Avg. 96% Efficiency	Incremental Cost
Danville	Carrier	2,000 sq ft.	\$ 2,300	\$ 3,900	\$ 1,600
Danville	Trane	2,000 sq ft.	\$ 1,700	\$ 3,000	\$ 1,300
Owensboro	Carrier	2,000 sq ft.	\$ 800	\$ 2,300	\$ 1,500
Average Incremental Cost					\$ 1,467

Boilers

Contractor Location	Brand	Unit Sizing	Avg. 80% Efficiency	Avg. 85% Efficiency	Incremental Cost
Danville	Weil-McLain	2,000 sq ft.	\$ 8,000	\$ 9,000	\$ 1,000
Average Incremental Cost					\$ 1,000

WATER HEATERS - TANK TYPE

Contractor Location	Brand	Unit Sizing	Avg. 58% Efficiency	Avg. 62% Efficiency	Incremental Cost
Consortium for Energy Efficiency Study 2008					\$ 71
Average Incremental Cost					\$ 71

Contractor Location	Brand	Unit Sizing	Avg. 58% Efficiency	Avg. 67% Efficiency	Incremental Cost
Lowe's	Rheem	50 gallon	\$ 394	\$ 1,114	\$ 720
Lowe's	Rheem	40 gallon	\$ 379	\$ 926	\$ 547
Average Incremental Cost					\$ 634

WATER HEATERS - TANKLESS

Contractor Location	Brand Comparison	Unit Sizing	58% Eff Tank Type	82% Eff. Tankless	Incremental Cost
Lowe's	Bosch	175,000 Btu	\$ 379	\$ 1,099	\$ 720
Home Depot	Rheem	199,900 Btu	\$ 388	\$ 1,199	\$ 811
Owensboro	Bradford White/Noritz	199,000 Btu	\$ 422	\$ 1,400	\$ 978
Bowling Green	A.O. Smith	199,000 Btu	\$ 390	\$ 1,600	\$ 1,210
Average Incremental Cost					\$ 836

COMMERCIAL GAS EQUIPMENT

Taken from Savings Calculator for EnergyStar Equipment developed by U.S. EPA & DOE - Updated January 2011

Gas Fryer	\$ 50
Gas Griddle	\$ 60
Gas Oven	\$ 50
Gas Steamer	\$ 420

THERMOSTATS

Contractor Location	Brand Comparison	Model Number	Non-Programmable	Programmable	Incremental Cost
Home Depot	Honeywell	RTH7600 D7 Da	\$ 40	\$ 62	\$ 22
Home Depot	Honeywell	4238978	\$ 40	\$ 40	\$ 0
Home Depot	Honeywell	TH 110U1003	\$ 40	\$ 53	\$ 13
Home Depot	Honeywell	RTH6350D	\$ 40	\$ 60	\$ 20
Average Incremental Cost					\$ 14

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Schedule B - Cumulative Prior Years Program Participation

Program Year End: December 31, 2012

Program Participants	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Cumulative Total
<u>A. High Efficiency Appliances</u>	20	1,071	401								1,492
<u>B. Weatherization Program</u>	105	136	23								264
<u>Total Participants</u>	125	1,207	424								1,756
<u>Total Conservation in Ccf</u>											
<u>A. High Efficiency Appliance Savings</u>	2,187	99,087	35,711								136,985
<u>B. Weatherization Program</u>	17,381	22,512	3,807								43,700
<u>Total Ccf Savings</u>	19,568	121,599	39,518								180,685
<u>Total Lost Sales</u>	\$ 2,152	\$ 13,376	\$ 4,347								\$ 19,875

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Schedule C - Calculation of Program Benefits

Program Year End: December 31, 2012

Current Year Conservation (Ccf)

Year	G-1 Residential			G-1 Commercial		
	Projected Gas Cost*	Annual Savings	Commodity Savings	Projected Gas Cost*	Annual Savings	Commodity Savings
2012	\$ 1.044	224,660	\$ 234,546	\$ 0.903	143,605	\$ 129,675
2013	\$ 1.039	224,660	\$ 233,422	\$ 0.880	143,605	\$ 126,372
2014	\$ 1.028	224,660	\$ 230,951	\$ 0.852	143,605	\$ 122,351
2015	\$ 1.039	224,660	\$ 233,422	\$ 0.860	143,605	\$ 123,500
2016	\$ 1.050	224,660	\$ 235,893	\$ 0.868	143,605	\$ 124,649
2017	\$ 1.061	224,660	\$ 238,365	\$ 0.874	143,605	\$ 125,510
2018	\$ 1.074	224,660	\$ 241,285	\$ 0.884	143,605	\$ 126,947
2019	\$ 1.090	224,660	\$ 244,880	\$ 0.896	143,605	\$ 128,670
2020	\$ 1.116	224,660	\$ 250,721	\$ 0.919	143,605	\$ 131,973
2021	\$ 1.138	224,660	\$ 255,664	\$ 0.937	143,605	\$ 134,558
2022	\$ 1.155	-	\$ -	\$ 0.951	-	\$ -
2023	\$ 1.175	-	\$ -	\$ 0.968	-	\$ -
2024	\$ 1.196	-	\$ -	\$ 0.988	-	\$ -
2025	\$ 1.215	-	\$ -	\$ 1.003	-	\$ -
2026	\$ 1.231	-	\$ -	\$ 1.016	-	\$ -
2027	\$ 1.251	-	\$ -	\$ 1.032	-	\$ -
2028	\$ 1.263	-	\$ -	\$ 1.043	-	\$ -
2029	\$ 1.274	-	\$ -	\$ 1.049	-	\$ -
2030	\$ 1.285	-	\$ -	\$ 1.057	-	\$ -
2031	\$ 1.299	-	\$ -	\$ 1.067	-	\$ -
2032	\$ 1.314	-	\$ -	\$ 1.079	-	\$ -
2033	\$ 1.333	-	\$ -	\$ 1.093	-	\$ -
2034	\$ 1.352	-	\$ -	\$ 1.108	-	\$ -
2035	\$ 1.376	-	\$ -	\$ 1.128	-	\$ -
2036	\$ 1.400	-	\$ -	\$ 1.148	-	\$ -
Total Commodity Savings			\$ 2,399,149			\$ 1,274,205

Discount Rate	8.81%	8.81%
Program Benefits (present value of commodity savings)	\$1,542,183	\$821,682

*Based on Department of Energy 2011 "Annual Energy Outlook", converted to per ccf residential and commercial costs.

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Participant Test

$$NPV_P = B_P - C_P$$

$$\begin{array}{rcl} B_P = \$ & & 3,339,427 \\ C_P = & & 1,797,386 \\ \hline NPV_P = \$ & & 1,542,041 \end{array}$$

Benefit-Cost Ratio **1.86**

Conclusion:

Since the net present value is greater than zero, the program will benefit the participants

Where:

NPV_P = Net present value to all participants
B_P = NPV of benefit to all participants
C_P = NPV of cost to all participants

$$B_P = \sum_{t=1}^N \frac{BR_t + TC_t + INC_t}{(1+d)^{t-1}}$$

$$C_P = \sum_{t=1}^N \frac{PC_t + BI_t}{(1+d)^{t-1}}$$

BR_t = Bill reductions in year t (not accounted for in participant cost test).
BI_t = Bill increases in year t
TC_t = Tax credits in year t
INC_t = Incentives paid to the participant by the Utility
PC_t = Participant costs in year t, which include incremental capital costs

The following calculations are based on the budgeted participation levels for year one of the program.

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Participant Test**

$$B_p = \sum_{t=1}^N \frac{BR_t + TC_t + INC_t}{(1+d)^{t-1}}$$

t	BR _t	TC _t	INC _t	B _p
1	404,730	-	776,250	1,180,980
2	400,304	-	-	400,304
3	393,812	-	-	393,812
4	397,432	-	-	397,432
5	401,051	-	-	401,051
6	404,384	-	-	404,384
7	408,741	-	-	408,741
8	414,059	-	-	414,059
9	423,203	-	-	423,203
10	430,730	-	-	430,730
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	-	-	-	-
17	-	-	-	-
18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	-	-	-	-
24	-	-	-	-
25	-	-	-	-
	4,078,445	-	776,250	4,854,695

8.810% Discount Rate

\$3,339,427 NPV

- BR_t = Bill reductions in year t
 TC_t = Tax credits in year t
 INC_t = Incentives paid to the participant by the Utility

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Participant Test**

BR_t = Bill reductions in year t

G-1 Residential					
t	(1) Ccf Conserved	(2) Projected Gas Cost*	(3) Demand Charge	(4) (2) + (3) Combined Rate	(1) x (4) BR _t
1	224,660	\$ 1.044	\$ 0.1100	\$ 1.15	\$ 259,258
2	224,660	\$ 1.039	0.1100	1.15	258,135
3	224,660	\$ 1.028	0.1100	1.14	255,664
4	224,660	\$ 1.039	0.1100	1.15	258,135
5	224,660	\$ 1.050	0.1100	1.16	260,606
6	224,660	\$ 1.061	0.1100	1.17	263,077
7	224,660	\$ 1.074	0.1100	1.18	265,998
8	224,660	\$ 1.090	0.1100	1.20	269,593
9	224,660	\$ 1.116	0.1100	1.23	275,434
10	224,660	\$ 1.138	0.1100	1.25	280,376
11	-	\$ 1.155	0.1100	1.27	-
12	-	\$ 1.175	0.1100	1.29	-
13	-	\$ 1.196	0.1100	1.31	-
14	-	\$ 1.215	0.1100	1.33	-
15	-	\$ 1.231	0.1100	1.34	-
16	-	\$ 1.251	0.1100	1.36	-
17	-	\$ 1.263	0.1100	1.37	-
18	-	\$ 1.274	0.1100	1.38	-
19	-	\$ 1.285	0.1100	1.40	-
20	-	\$ 1.299	0.1100	1.41	-
21	-	\$ 1.314	0.1100	1.42	-
22	-	\$ 1.333	0.1100	1.44	-
23	-	\$ 1.352	0.1100	1.46	-
24	-	\$ 1.376	0.1100	1.49	-
25	-	\$ 1.400	0.1100	1.51	-
				\$ 2,646,276	

G-1 Commercial					
t	(1) Ccf Conserved	(2) Projected Gas Cost*	(3) Demand Charge	(4) (2) + (3) Combined Rate	(1) x (4) BR _t
1	143,605	\$ 0.903	\$ 0.1100	\$ 1.01	\$ 145,472
2	143,605	\$ 0.880	\$ 0.1100	\$ 0.99	\$ 142,169
3	143,605	\$ 0.852	\$ 0.1100	\$ 0.96	\$ 138,148
4	143,605	\$ 0.860	\$ 0.1100	\$ 0.97	\$ 139,297
5	143,605	\$ 0.868	\$ 0.1100	\$ 0.98	\$ 140,445
6	143,605	\$ 0.874	\$ 0.1100	\$ 0.98	\$ 141,307
7	143,605	\$ 0.884	\$ 0.1100	\$ 0.99	\$ 142,743
8	143,605	\$ 0.896	\$ 0.1100	\$ 1.01	\$ 144,466
9	143,605	\$ 0.919	\$ 0.1100	\$ 1.03	\$ 147,769
10	143,605	\$ 0.937	\$ 0.1100	\$ 1.05	\$ 150,354
11	-	\$ 0.951	\$ 0.1100	\$ 1.06	\$ -
12	-	\$ 0.968	\$ 0.1100	\$ 1.08	\$ -
12	-	\$ 0.988	\$ 0.1100	\$ 1.10	\$ -
12	-	\$ 1.003	\$ 0.1100	\$ 1.11	\$ -
12	-	\$ 1.016	\$ 0.1100	\$ 1.13	\$ -
12	-	\$ 1.032	\$ 0.1100	\$ 1.14	\$ -
12	-	\$ 1.043	\$ 0.1100	\$ 1.15	\$ -
12	-	\$ 1.049	\$ 0.1100	\$ 1.16	\$ -
12	-	\$ 1.057	\$ 0.1100	\$ 1.17	\$ -
12	-	\$ 1.067	\$ 0.1100	\$ 1.18	\$ -
12	-	\$ 1.079	\$ 0.1100	\$ 1.19	\$ -
12	-	\$ 1.093	\$ 0.1100	\$ 1.20	\$ -
12	-	\$ 1.108	\$ 0.1100	\$ 1.22	\$ -
12	-	\$ 1.128	\$ 0.1100	\$ 1.24	\$ -
12	-	\$ 1.148	\$ 0.1100	\$ 1.26	\$ -
				\$ 1,432,169	

- (1) Total projected Ccf savings, based on budgeted participation levels in year one of the program.
- (2) Based on Department of Energy "Annual Energy Outlook", converted to per ccf residential cost; where t = 1 = 2012
- (3) Volumetric charge for residential customers per Sheet No. 8 of the Company's tariff.

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
 Demand Side Management (DSM) Program
 Participant Test

TC_t = Tax credits in year t (presently no federal tax credits are available in 2012)

	(1) Program Participants	(2) Residential Energy Credits	(1) x (2) TC _t
<u>A. High Efficiency Heating Savings</u>			
<u>B. High Efficiency Water Heating Savings</u>			
Total	-		\$ -

Note: participants are eligible for tax credits in the year they incur expenditures for high-efficiency appliances, since this is an analysis of participation in a single year, the tax credit is applicable only where $t = 1$

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Participant Test

INC_t = Incentives paid to the participant by the Utility, for $t = 1$

<u>Energy Savings by Customer Class</u>	<u>INC_t</u>
G-1 Residential Customers	\$ 497,500
G-1 Commercial Customers	278,750
Total	<u>\$ 776,250</u>

Note: rebates are given to participant in the year they elect to participate, since this is an analysis of participation in a single year, the rebate is applicable only where $t = 1$

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**Atmos Energy
Demand Side Management (DSM) Program
Participant Test**

$$C_p = \sum_{t=1}^N \frac{PC_t + BI_t}{(1+d)^{t-1}}$$

t	(1) BI _t	(2) PC _t	(1) + (2) C _p
1	-	1,955,735	1,955,735
2	-	-	-
3	-	-	-
4	-	-	-
5	-	-	-
6	-	-	-
7	-	-	-
8	-	-	-
9	-	-	-
10	-	-	-
	-	1,955,735	1,955,735

8.810% Discount Rate

\$1,797,386 NPV

BI_t = Bill increases in year t (not accounted for in participant cost test).

PC_t = Participant costs in year t, which include
incremental capital costs

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Participant Test

PC_t = Participant costs for $t = 1$

	(1) Program Participants	(2) Incremental Cost	(1) x (2) PC_t
<u>A. High Efficiency Heating Savings</u>			
Furnace AFUE 90 - 93	900	\$ 654	\$ 588,870
Furnace AFUE 94 - 95	600	973	583,600
Furnace AFUE 96 or >	300	1,467	440,000
Boiler AFUE 85 -89	15	1,000	15,000
Programmable Thermostat	900	14	12,668
Total	2,715		1,640,138
<u>B. High Efficiency Water Heating Savings</u>			
Tank W/H .62 - .66 EF	100	\$ 71	\$ 7,100
Tank W/H .67 or > EF	200	634	126,731
Tankless W/H .82 - 90 EF	200	836	167,267
Total	500	\$	\$ 301,098
<u>C. High Efficiency Commercial Kitchen Equipment</u>			
Gas Fryer	25	\$ 50	\$ 1,250
Gas Griddle	25	60	1,500
Gas Oven	25	50	1,250
Gas Steamer	25	420	10,500
Total	100	\$	\$ 14,500

IC = Incremental Costs for purchasing high-efficiency unit

(1) Based on budgeted participation levels in year one of the CEP.

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Program Administrator Cost Test

$$NPV_{pa} = B_{pa} - C_{pa}$$

$B_{pa} = \$$	2,363,865
$C_{pa} =$	1,229,780
$NPV_{pa} = \$$	1,134,085

Benefit-Cost Ratio 1.92

Conclusion:

Since the net present value is greater than zero, the program would decrease costs to the utility

Where:

NPV_{pa} = Net present value of total cost of the resource
 B_{pa} = NPV of benefits of the program
 C_{pa} = NPV of costs of the programs

$$B_{pa} = \sum_{t=1}^N \frac{UAC_t}{(1+d)^{t-1}}$$

$$C_{pa} = \sum_{t=1}^N \frac{PRC_t + INC_t + UIC_t}{(1+d)^{t-1}}$$

UAC_t = Utility avoided supply costs in year t
 PRC_t = Program Administrator Costs in year t
 INC_t = Incentives paid to the participant by the Utility
 UIC_t = Utility increased supply costs in year t

The following calculations are based on the budgeted participation levels for year one of the program.

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Program Administrator Cost Test**

$$B_{pa} = \sum_{t=1}^N \frac{UAC_t}{(1+d)^{t-1}}$$

(1)

t	UAC_t
1	\$ 364,221
2	\$ 359,794
3	\$ 353,302
4	\$ 356,922
5	\$ 360,542
6	\$ 363,875
7	\$ 368,232
8	\$ 373,550
9	\$ 382,694
10	\$ 390,222
11	\$ -
12	\$ -
13	\$ -
14	\$ -
15	\$ -
16	\$ -
17	\$ -
18	\$ -
19	\$ -
20	\$ -
21	\$ -
22	\$ -
23	\$ -
24	\$ -
25	\$ -
	\$ 3,673,354

8.810% Discount Rate

\$2,363,865 NPV

(1) UAC_t scheduled per calculation performed for RIM test

UAC_t = Utility avoided supply costs in year t

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Program Administrator Cost Test**

$$C_{pa} = \sum_{t=1}^N \frac{PRC_t + INC_t + UIC_t}{(1+d)^{t-1}}$$

t	(1) PRC _t	(2) INC _t	(3) UIC _t	C _{pa}
1	561,873	776,250	-	1,338,123
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
	561,873	776,250	-	1,338,123

8.810% Discount Rate

\$1,229,780 NPV

- PRC_t = Program Administrator Costs in year t
 INC_t = Incentives paid to the participant by the Utility
 UIC_t = Utility increased supply costs in year t

- (1) Program costs scheduled from PRC_t which was calculated for the RIM Test
 (2) Incentives scheduled from INC_t which was calculated for the Participant test
 (3) No known increased supply costs as a result of operating the CEP

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Ratepayer Impact Measure (RIM) Test**

$$NPV_{RIM} = B_{RIM} - C_{RIM}$$

$B_{RIM} = \$$	2,363,865
$C_{RIM} =$	3,855,807
$NPV_{RIM} = \$$	<u>(1,491,942)</u>

Benefit-Cost Ratio **0.61**

Conclusion:

Since the net present value is negative, the program will cause an increase customer rates.

Where:

- NPV_{RIM} = Net present value levels
- B_{RIM} = Benefits to rate levels or customer bills
- C_{RIM} = Costs to rate levels or customer bills

$$B_{RIM} = \sum_{t=1}^N \frac{UAC_t}{(1+d)^{t-1}}$$

$$C_{RIM} = \sum_{t=1}^N \frac{UIC_t + RL_t + PRC_t + INC_t}{(1+d)^{t-1}}$$

- UAC_t = Utility avoided supply costs in year t
- UIC_t = Utility increased supply costs in year t
- RL_t = Revenue loss from reduced sales in year t
- PRC_t = Program administrator costs in year t
- INC_t = Incentives paid to the participant by the sponsoring utility in year t

The following calculations are based on the budgeted participation levels for year one of the program.

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Ratepayer Impact Measure (RIM) Test**

$$B_{RIM} = \sum_{t=1}^N \frac{UAC_t}{(1+d)^{t-1}}$$

t	UAC _t
1	364,221
2	359,794
3	353,302
4	356,922
5	360,542
6	363,875
7	368,232
8	373,550
9	382,694
10	390,222
11	-
12	-
13	-
14	-
15	-
16	-
17	-
18	-
19	-
20	-
21	-
22	-
23	-
24	-
25	-
	3,673,354

8.810% Discount Rate

\$2,363,865 NPV

UAC_t = Utility avoided supply costs in year t

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
Demand Side Management (DSM) Program
Ratepayer Impact Measure (RIM) Test

UAC_t = Utility avoided supply costs in year t

t	Projected Gas Cost*	G-1 Residential		Projected Gas Cost*	G-1 Commercial		UAC _t
		Annual Savings	Commodity Savings		Annual Savings	Commodity Savings	
1	\$ 1.044	224,660	\$ 234,546	\$ 0.903	143,605	\$ 129,675	\$ 364,221
2	\$ 1.039	224,660	\$ 233,422	\$ 0.880	143,605	\$ 126,372	\$ 359,794
3	\$ 1.028	224,660	\$ 230,951	\$ 0.852	143,605	\$ 122,351	\$ 353,302
4	\$ 1.039	224,660	\$ 233,422	\$ 0.860	143,605	\$ 123,500	\$ 356,922
5	\$ 1.050	224,660	\$ 235,893	\$ 0.868	143,605	\$ 124,649	\$ 360,542
6	\$ 1.061	224,660	\$ 238,365	\$ 0.874	143,605	\$ 125,510	\$ 363,875
7	\$ 1.074	224,660	\$ 241,285	\$ 0.884	143,605	\$ 126,947	\$ 368,232
8	\$ 1.090	224,660	\$ 244,880	\$ 0.896	143,605	\$ 128,670	\$ 373,550
9	\$ 1.116	224,660	\$ 250,721	\$ 0.919	143,605	\$ 131,973	\$ 382,694
10	\$ 1.138	224,660	\$ 255,664	\$ 0.937	143,605	\$ 134,558	\$ 390,222
11	\$ 1.155	-	\$ -	\$ 0.951	-	\$ -	\$ -
12	\$ 1.175	-	\$ -	\$ 0.968	-	\$ -	\$ -
13	\$ 1.196	-	\$ -	\$ 0.988	-	\$ -	\$ -
14	\$ 1.215	-	\$ -	\$ 1.003	-	\$ -	\$ -
15	\$ 1.231	-	\$ -	\$ 1.016	-	\$ -	\$ -
16	\$ 1.251	-	\$ -	\$ 1.032	-	\$ -	\$ -
17	\$ 1.263	-	\$ -	\$ 1.043	-	\$ -	\$ -
18	\$ 1.274	-	\$ -	\$ 1.049	-	\$ -	\$ -
19	\$ 1.285	-	\$ -	\$ 1.057	-	\$ -	\$ -
20	\$ 1.299	-	\$ -	\$ 1.067	-	\$ -	\$ -
21	\$ 1.314	-	\$ -	\$ 1.079	-	\$ -	\$ -
22	\$ 1.333	-	\$ -	\$ 1.093	-	\$ -	\$ -
23	\$ 1.352	-	\$ -	\$ 1.108	-	\$ -	\$ -
24	\$ 1.376	-	\$ -	\$ 1.128	-	\$ -	\$ -
25	\$ 1.400	-	\$ -	\$ 1.148	-	\$ -	\$ -
Total Commodity Savings			\$ 2,399,149			\$ 1,274,205	\$ 3,673,354

- (1) Total projected Ccf savings, based on budgeted participation levels in year one of the program. These amounts continue to be saved year after year.
- (2) Based on Department of Energy 2011 "Annual Energy Outlook", converted to per ccf residential cost; where t = 1 = 2012

Note: the above analysis is based on the CCF conserved from a single year of participation in the CEP

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Ratepayer Impact Measure (RIM) Test**

$$C_{RIM} = \sum_{t=1}^N \frac{UIC_t + RL_t + PRC_t + INC_t}{(1+d)^{t-1}}$$

t	(1) UIC _t	(2) RL _t	(3) PRC _t	(4) INC _t	(1) + (2) C _{RIM}
1	-	404,730	561,873	776,250	1,742,853
2	-	400,304		-	400,304
3	-	393,812		-	393,812
4	-	397,432		-	397,432
5	-	401,051		-	401,051
6	-	404,384		-	404,384
7	-	408,741		-	408,741
8	-	414,059		-	414,059
9	-	423,203		-	423,203
10	-	430,730		-	430,730
11	-	-		-	-
12	-	-		-	-
13	-	-		-	-
14	-	-		-	-
15	-	-		-	-
16	-	-		-	-
17	-	-		-	-
18	-	-		-	-
19	-	-		-	-
20	-	-		-	-
21	-	-		-	-
22	-	-		-	-
23	-	-		-	-
24	-	-		-	-
25	-	-		-	-
	-	4,078,445	561,873	776,250	5,416,569

8.810% Discount Rate

\$3,855,807 NPV

- UIC_t = Utility increased supply costs in year t
- RL_t = Revenue loss from reduced sales in year t
- PRC_t = Program administrator costs in year t
- INC_t = Incentives paid to the participant by the sponsoring utility in year t

- (1) No known increased supply costs
- (2) see RIM Test RG; column (2)
- (3) see RIM Test RG; column (3)
- (4) Scheduled per calculation performed for Participant Test

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
 Demand Side Management (DSM) Program
 Total Resource Cost (TRC) Test

$$NPV_{TRC} = B_{TRC} - C_{TRC}$$

$B_{TRC} = \$$	2,363,865
$C_{TRC} =$	2,313,766
$NPV_{TRC} = \\$	50,099

Benefit-Cost Ratio **1.02**

Conclusion:

Since the net present value is greater than zero, the program is a less expensive resource than the supply option upon which the marginal costs are based.

Where:

- NPV_{TRC} = Net present value of total cost of the resource
- B_{TRC} = NPV of benefits of the program
- C_{TRC} = NPV of costs of the programs

$$B_{TRC} = \sum_{t=1}^N \frac{UAC_t + TC_t}{(1+d)^{t-1}}$$

$$C_{TRC} = \sum_{t=1}^N \frac{PRC_t + PCN_t + UIC_t}{(1+d)^{t-1}}$$

- UAC_t = Utility avoided supply costs in year t
- TC_t = Tax credits in year t
- UIC_t = Utility increased supply costs in year t
- PRC_t = Program administrator costs in year t
- PCN_t = Net participant costs

The following calculations are based on the budgeted participation levels for year one of the program.

Atmos Energy's Demand Side Management Application October 2011

**Atmos Energy
Demand Side Management (DSM) Program
Total Resource Cost (TRC) Test**

$$B_{TRC} = \sum_{t=1}^N \frac{UAC_t + TC_t}{(1+d)^{t-1}}$$

t	(1) UAC _t	(2) TC _t	B _{TRC}
1	\$ 364,221	-	\$ 364,221
2	359,794	-	359,794
3	353,302	-	353,302
4	356,922	-	356,922
5	360,542	-	360,542
6	363,875	-	363,875
7	368,232	-	368,232
8	373,550	-	373,550
9	382,694	-	382,694
10	390,222	-	390,222
11	-	-	-
12	-	-	-
13	-	-	-
14	-	-	-
15	-	-	-
16	-	-	-
17	-	-	-
18	-	-	-
19	-	-	-
20	-	-	-
21	-	-	-
22	-	-	-
23	-	-	-
24	-	-	-
25	-	-	-
	\$ 3,673,354	-	\$ 3,673,354

8.810% Discount Rate

\$2,363,865 NPV

UAC_t = Utility avoided supply costs in year t
 TC_t = Tax Credits in year t

- (1) Scheduled per calculation performed for RIM Test
- (2) Scheduled per calculation performed for Participant Test

Atmos Energy's Demand Side Management Application October 2011

Atmos Energy
 Demand Side Management (DSM) Program
 Total Resource Cost (TRC) Test

$$C_{TRC} = \sum_{t=1}^N \frac{PRC_t + PCN_t + UIC_t}{(1+d)^{t-1}}$$

t	(1) PRC _t	(2) PCN _t	(3) UIC _t	C _{TRC}
1	561,873	1,955,735	-	2,517,609
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
	561,873	1,955,735	-	2,517,609

8.810% Discount Rate

\$2,313,766 NPV

- PRC_t = Program administrator costs in year t
- PCN_t = Net participant costs
- UIC_t = Utility increased supply costs in year t

- (1) Scheduled per calculation performed for RIM Test
- (2) Represents net participant costs which is the incremental cost to the participant of purchasing a high-efficiency appliance versus one with standard efficiency. Amount scheduled from PC_t from the Participant Test.
- (3) No known increased supply costs as a result of operating the CEP