ATMOS energy

February 2, 2012

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 requests for information during the Informal Conference on January 25, 2012 in the above referenced case.

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

Sincerely,

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosures

cc: Collaborative Board Members
Mr. Mark R. Hutchinson

Atmos Energy Corporation
3275 Highland Pointe Drive, Owensboro, KY 42303-2114
P 270-685-8000 F 270-685-8052 atmosenergy.com

Atmos Energy Corporation
Kentucky

Case No. 2011-00395

RESPONSES TO COMMISSION STAFF'S INFORMAL CONFERENCE 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/Mid-States 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 2nd day of February, 2012, the original of the Company's attached Responses, together with six (6) 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 Informal Conference Data Request Dated January 25, 2012
Case No. 2011-00395
Question No. 1
Witness: Mark A. Martin

REQUEST:

Atmos Energy used DOE's Annual Energy Outlook delivered cost to customers to determine program benefits and the incentive adjustment. Should the cost analysis have used gas commodity cost and not delivered gas costs? a.) If so, please redo the cost analysis using gas costs only. b.) Did the Company use a 25 year useful life for calculating program benefits as opposed to the 10 year life specified in Atmos' tariff? c.) Also, why were rebates excluded in the calculations on Tab 2, Page 4 of the application?

RESPONSE:

a) Atmos Energy in consultation with the Cadmus Group used the gas costs in effect for Atmos Energy at the time of the filing of this application (September 2011 GCA). NYMEX futures prices on the cost of gas at Henry Hub were used to determine the escalation factor for the future years. Schedule C has been updated using this data and the entire workbook has been updated and attached hereto. We also inserted an additional tab entitled "NYMEX Escalators." The Cadmus Group uses this methodology for their natural gas energy efficiency filings throughout the country. These changes necessitated amending our tariff to reflect this process. (See Tariff Sheet No. 40, second sentence of second paragraph.)

b) No. The Company used the life of each measure as identified in the DEER (Database for Energy Efficiency Resources), EnergyStar or NEEP (New England Economic Partnership). All sources are recognized organizations providing objective data for energy efficiency. The individual measure life ranges between eight and twenty-five years. Of the eighteen measures fourteen came from DEER, three from EnergyStar and one from NEEP. The only measure with a useful life of 25 years is weatherization. All other measures range between 8 and 20 nears with an average life of 17 years.

c) It appears that the cell reference in the spreadsheet was simply incorrect (F19 and G19 should have been F18 and G18). The reference should have been to the Total DCRC costs (Program Costs) and not the Excluding Rebates cells. The correction has been made, as indicated in the attached workbook.

Table of Contents

Atmos Energy's Demand Side Management Application October 2011

Program Summary

		Year 1	
		G-1 Residential	G-1 Commercial
Total DSM Cost for recovery	**California Tests**	**$ 644,629**	**$ 399,918**
Program Costs	DCRC	$ 996,103	$ 329,121
Lost Sales	DLSA	$ 44,588	$ 15,797
Program Incentive	DIA	$ 16,300	$ 55,000
Program Balancing Adjustment	DBA	$ (412,363)	0
Annual Average Recovery Cost per Customer	DSMRC	$ 4.21	$ 23.19

	Benefit/ Cost Ratio
Participant Test	1.71
Program Admin Test	2.14
Ratepayer Impact Test (RIM)	0.62
Total Resource Cost Test (TRC)	1.13

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 (	$	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
Demand Side Management (DSM) Program
Deemed Savings for Measures

		Kentucky	
Measure	Efficiency Level	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		$ -		$ -
TOTAL DCRC	G-1 Residential	$ 996,103	G-1 Commercial	$ 329,121
Excluding Rebates		**$ 498,603**		**$ 50,371**

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)	$ 1,104,795	$ 695,923
Less: Program Costs	$ (996,103)	$ (329,121)
Net Resource Savings	**$ 108,692**	**$ 366,802**
Incentive Percentage	15%	15%
DIA	**$ 16,300**	**$ 55,000**

DBA = DSM Balance Adjustment

G-1 Residential			G-1 Commercial
Under/(Over) Recovery	Estimated Residential Sales	Balancing Adjustment	
$ (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	$ 996,103	$ 0 0094
DLSA	$ 44,588	$ 0 0004
DIA	$ 16,300	$ 0 0002
DBA	$ (412,363)	$ (0.0039)
TOTAL DSMRC	$ 644,629	$ 0.00609
Annual Cost Recovery per G-1 Residential Customers		$ 4 21

G-1 Commercial

Estimated Commercial Sales	47,754,931	Ccf
Estimated Commercial Customers	17,245	

	Recovery Amount	Rate, per Ccf
DCRC	$ 329,121	$ 0 0069
DLSA	$ 15,797	$ 0 0003
DIA	$ 55,000	$ 0 0012
DBA		$ -
TOTAL DSMRC	$ 399,918	$ 0.0084
Annual Cost Recovery per G-1 Commercial Customers		$ 23 19

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 Per Participant	CCF Conservation Total	Rebate Amount	Rebate Total	Measure Life	Measure Source
Furnace AFUE 92 - 93	600	126 64	75,983	$ 250	$ 150,000	18	DEER
Furnace AFUE 94 - 95	400	141 65	56,660	$ 325	130,000	18	DEER
Furnace AFUE 96 or >	200	156 04	31,207	$ 400	$ 80,000	18	DEER
Boiler AFUE > 85	10	48 95	490	$ 250	$ 2,500	18	DEER
Programmable Thermostat	600	26.67	16,004	$ 25	$ 15,000	15	DEER
Totals	1,810	NA	180,343	NA	$ 377,500		

G-1 Commercial Efficiency Heating Savings	Program Participants	CCF Conservation Per Participant	CCF Conservation Total	Rebate Amount	Rebate Total	Measure Life	Measure Source
Furnace AFUE 92 - 93	300	126 64	37,991	$ 250	$ 75,000	18	DEER
Furnace AFUE 94 - 95	200	141 65	28,330	$ 325	$ 65,000	18	DEER
Furnace AFUE 96 or >	100	156 04	15,604	$ 400	$ 40,000	18	DEER
Boiler AFUE >85	5	48 95	245	$ 250	$ 1,250	18	DEER
Programmable Thermostat	300	26.67	8,002	$ 25	$ 7,500	15	DEER
Totals	905	NA	90,171	NA	$ 188,750		

G-1 Residential Water Heating Savings	Program Participants	CCF Conservation Per Participant	CCF Conservation Total	Rebate Amount	Rebate Total	Measure Life	Measure Source
Tank Water Heater EF 62 - 66	75	8 66	650	$ 200	$ 15,000	13	DEER
Tank Water Heater EF 67 or >	150	23 43	3,515	$ 300	45,000	13	DEER
Tankless/Condensing Water Heater EF > 82	150	56.94	8,541	$ 400	$ 60,000	20	DEER
Totals	375	NA	12,705	NA	$ 120,000		

G-1 Commercial Water Heating Savings	Program Participants	CCF Conservation Per Participant	CCF Conservation Total	Rebate Amount	Rebate Total	Measure Life	Measure Source
Tank Water Heater EF 62 - 66	25	8 66	217	$ 200	$ 5,000	13	DEER
Tank Water Heater EF 67 or >	50	23 43	1,172	$ 300	$ 15,000	13	DEER
Tankless/Condensing Water Heater EF > 82	50	56.94	2,847	$ 400	$ 20,000	20	DEER
Totals	125	NA	4,235	NA	$ 40,000		

G-1 Commercial Cooking Equipment Savings	Program Participants	CCF Conservation Per Participant	CCF Conservation Total	Rebate Amount	Rebate Total	Measure Life	Measure Source
Fryer EnergyStar Rated	25	490 77	12,269	$ 500	$ 12,500	8	Energy Star
Griddle EnergyStar Rated	25	143 83	3,596	$ 500	$ 12,500	12	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 Per Participant	CCF Conservation Total	Rebate Amount	Rebate Total	Measure Life	Measure Source
	125	252 9	31,613	$ 3,000	$ 375,000	25	DEER

Education Program					$ 20,000		

Totals by Customer Class	Program Participants	CCF Conservation Per Participant	CCF Conservation Total	Rebate Amount	Rebate 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%

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	36,929	31,613	224,660	131,335	355,996
10	180,343	90,171	12,705	4,235	36,929	31,613	224,660	131,335	355,996
11	180,343	90,171	12,705	4,235	3,596	31,613	224,660	98,002	322,663
12	180,343	90,171	12,705	4,235	3,596	31,613	224,660	98,002	322,663
13	180,343	90,171	12,705	4,235	-	31,613	224,660	94,406	319,067
14	180,343	90,171	8,541	2,847	-	31,613	220,496	93,018	313,514
15	180,343	90,171	8,541	2,847	-	31,613	220,496	93,018	313,514
16	164,339	82,170	8,541	2,847	-	31,613	204,492	85,016	289,508
17	164,339	82,170	8,541	2,847	-	31,613	204,492	85,016	289,508
18	164,339	82,170	8,541	2,847	-	31,613	204,492	85,016	289,508
19	-	-	8,541	2,847	-	31,613	40,153	2,847	43,000
20	-	-	8,541	2,847	-	31,613	40,153	2,847	43,000
21	-	-	-	-	-	31,613	31,613	-	31,613
22	-	-	-	-	-	31,613	31,613	-	31,613
23	-	-	-	-	-	31,613	31,613	-	31,613
24	-	-	-	-	-	31,613	31,613	-	31,613
25	-	-	-	-	-	31,613	31,613	-	31,613

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
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
Lowes	Rheem	50 gallon	$ 394	$ 1,114	$ 720
Lowes	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
Lowes	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
Demand Side Management (DSM) Program
Schedule B - Cumulative Prior Years Program Participation

Program Year End: December 31, 2012

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

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

Program Year End: December 31, 2012

Current Year Conservation (Ccf)

	G-1 Residential			G-1 Commercial		
Year	Projected Gas Cost*	Annual Savings	Commodity Savings	Projected Gas Cost*	Annual Savings	Commodity Savings
2012	$ 0.570	224,660	$ 128,128	$ 0.570	143,605	$ 81,901
2013	$ 0.651	224,660	$ 146,162	$ 0.651	143,605	$ 93,428
2014	$ 0.701	224,660	$ 157,584	$ 0.701	143,605	$ 100,729
2015	$ 0.741	224,660	$ 166,571	$ 0.741	143,605	$ 106,473
2016	$ 0.780	224,660	$ 175,171	$ 0.780	143,605	$ 111,971
2017	$ 0.820	224,660	$ 184,193	$ 0.820	143,605	$ 117,738
2018	$ 0.857	224,660	$ 192,575	$ 0.857	143,605	$ 123,096
2019	$ 0.891	224,660	$ 200,184	$ 0.891	143,605	$ 127,959
2020	$ 0.924	224,660	$ 207,569	$ 0.924	131,335	$ 121,344
2021	$ 0.942	224,660	$ 211,721	$ 0.942	131,335	$ 123,771
2022	$ 0.961	224,660	$ 215,955	$ 0.961	98,002	$ 94,205
2023	$ 0.980	224,660	$ 220,274	$ 0.980	98,002	$ 96,089
2024	$ 1.000	224,660	$ 224,680	$ 1.000	94,406	$ 94,414
2025	$ 1.020	220,496	$ 224,925	$ 1.020	93,018	$ 94,887
2026	$ 1.040	220,496	$ 229,423	$ 1.040	93,018	$ 96,784
2027	$ 1.061	204,492	$ 217,027	$ 1.061	85,016	$ 90,228
2028	$ 1.083	204,492	$ 221,368	$ 1.083	85,016	$ 92,032
2029	$ 1.104	204,492	$ 225,795	$ 1.104	85,016	$ 93,873
2030	$ 1.126	40,153	$ 45,223	$ 1.126	2,847	$ 3,206
2031	$ 1.149	40,153	$ 46,127	$ 1.149	2,847	$ 3,270
2032	$ 1.172	31,613	$ 37,042	$ 1.172	-	$ -
2033	$ 1.195	31,613	$ 37,783	$ 1.195	-	$ -
2034	$ 1.219	31,613	$ 38,539	$ 1.219	-	$ -
2035	$ 1.243	31,613	$ 39,310	$ 1.243	-	$ -
2036	$ 1.268	31,613	$ 40,096	$ 1.268	-	$ -
Total Commodity Savings			**$ 3,833,425**			**$ 1,867,398**
Discount Rate			8.81%			8.81%
Program Benefits (present value of commodity savings)			**$1,104,795**			**$695,923**

NYMEX Futures Prices

Year	Average Cost	Escalation
2012	3.97	
2013	4.53	114.1%
2014	4.89	107.8%
2015	5.16	105.7%
2016	5.43	105.2%
2017	5.71	105.2%
2018	5.97	104.6%
2019	6.21	104.0%
2020	6.44	103.7%

Current Atmos CGA Rate	Deemed Escalation After 2020
$ 0.570	2%

*Atmos GCA, escalated using NYMEX futures prices at Henry Hub

NYMEX Escalators

Daily Settlements for Henry Hub Natural Gas Futures (PRELIMINARY)Trade | from:
http://www.cmegroup.com/trading/energy/natural-gas/natural-gas_quotes_settlements_futures.html

Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
Dec-11	3.704	3.767	3.656	-	0.049	3.745	94,572	130,322
Jan-12	3.809	3.864	3.76	-	0.04	3.843	50,432	246,423
Feb-12	3.819	3.878	3.78	-	0.043	3.859	19,390	72,502
Mar-12	3.792	3.852	3.748	-	0.04	3.832	17,039	101,998
Apr-12	3.791	3.851	3.753	-	0.04	3.832	20,061	94,701
May-12	3.828	3.886B	3.794	-	0.039	3.869	9,998	35,266
Jun-12	3.86	3.926B	3.831	-	0.039	3.909	3,323	17,634
Jul-12	3.907	3.970B	3.881	-	0.039	3.955	1,461	18,468
Aug-12	3.925	3.997B	3.908	-	0.039	3.983	775	12,539
Sep-12	3.938	3.998B	3.911A	-	0.038	3.984	1,165	10,184
Oct-12	3.976	4.034	3.941	-	0.038	4.02	10,990	53,227
Nov-12	4.111	4.174B	4.092A	-	0.035	4.162	1,106	18,241
Dec-12	4.376	4.438	4.362A	-	0.032	4.427	1,169	19,676
Jan-13	4.499	4.563	4.489	-	0.028	4.55	2,445	29,236
Feb-13	4.51	4.55	4.48	-	0.028	4.538	47	5,159
Mar-13	4.462	4.504	4.431A	-	0.027	4.489	885	12,874
Apr-13	4.35	4.41	4.344A	-	0.026	4.398	1,925	23,123
May-13	4.383	4.44	4.382A	-	0.026	4.413	12	3,001
Jun-13	-	4.441B	4.388A	-	0.026	4.441	-	1,584
Jul-13	4.447	4.479B	4.431A	-	0.026	4.479	1	1,646
Aug-13	4.451	4.501B	4.448	-	0.025	4.498	10	1,701
Sep-13	4.451	4.502B	4.45	-	0.024	4.501	14	1,349
Oct-13	4.506	4.541B	4.485A	-	0.024	4.537	192	7,096
Nov-13	4.608	4.645B	4.595	-	0.022	4.651	41	1,164
Dec-13	4.83	4.881B	4.83	-	0.02	4.89	14	6,529
Jan-14	5	5	4.952A	-	0.018	5.006	1	3,649
Feb-14	-	4.967B	4.930A	-	0.017	4.979	-	477
Mar-14	-	4.898B	4.857A	-	0.016	4.901	1	995
Apr-14	-	-	-	-	0.006	4.731	1	3,404
May-14	4.7	4.715B	4.7	-	0.006	4.741	2	590
Jun-14	-	-	-	-	0.006	4.769	-	287
Jul-14	4.79	4.79	4.79	-	0.006	4.805	2	540
Aug-14	-	-	-	-	0.006	4.825	-	322
Sep-14	-	-	-	-	0.005	4.831	-	390
Oct-14	-	-	-	-	0.005	4.861	-	782
Nov-14	-	-	-	-	0.002	4.978	-	315
Dec-14	-	-	-	-	0.002	5.208	-	585
Jan-15	5.32	5.32	5.310A	-	UNCH	5.323	5	602
Feb-15	-	-	-	-	-0.001	5.29	-	185
Mar-15	-	-	-	-	-0.004	5.207	-	391

NYMEX Escalators

Apr-15	-	-	-	-	-0.012	4.999	-	1,918
May-15	-	-	-	-	-0.012	5.009	-	485
Jun-15	-	-	-	-	-0.012	5.037	-	1,200
Jul-15	-	-	-	-	-0.012	5.072	-	238
Aug-15	-	-	-	-	-0.012	5.092	-	597
Sep-15	-	-	-	-	-0.012	5.099	-	159
Oct-15	5.108	5.108	5.108	-	-0.012	5.129	3	221
Nov-15	5.23	5.23	5.23	-	-0.014	5.247	1	113
Dec-15	-	-	-	-	-0.014	5.475	-	6,374
Jan-16	5.58	5.58	5.58	-	-0.016	5.59	1	64
Feb-16	-	-	-	-	-0.018	5.558	-	50
Mar-16	-	-	-	-	-0.021	5.475	-	156
Apr-16	-	-	-	-	-0.031	5.26	-	183
May-16	-	-	-	-	-0.031	5.27	-	102
Jun-16	-	-	-	-	-0.031	5.298	-	221
Jul-16	-	-	-	-	-0.031	5.333	-	102
Aug-16	-	-	-	-	-0.031	5.358	-	102
Sep-16	-	-	-	-	-0.031	5.366	-	73
Oct-16	-	-	-	-	-0.031	5.396	-	43
Nov-16	-	-	-	-	-0.031	5.521	-	19
Dec-16	-	-	-	-	-0.033	5.754	-	350
Jan-17	5.88	5.88	5.88	#	-0.033	5.876	5	24
Feb-17	-	-	-	-	-0.033	5.844	-	6
Mar-17	-	-	-	-	-0.034	5.761	-	19
Apr-17	5.53	5.53	5.53	-	-0.037	5.531	1	17
May-17	-	-	-	-	-0.037	5.541	-	6
Jun-17	-	-	-	-	-0.037	5.569	-	39
Jul-17	5.6	5.62	5.6	#	-0.037	5.604	5	60
Aug-17	-	-	-	-	-0.037	5.637	-	58
Sep-17	-	-	-	-	-0.037	5.647	-	76
Oct-17	-	-	-	-	-0.037	5.681	-	14
Nov-17	-	-	-	-	-0.037	5.809	-	14
Dec-17	-	-	-	-	-0.037	6.036	-	23
Jan-18	-	-	-	-	-0.037	6.156	-	50
Feb-18	-	-	-	-	-0.037	6.124	-	33
Mar-18	-	-	-	-	-0.037	6.041	-	35
Apr-18	-	-	-	-	-0.037	5.781	-	40
May-18	-	-	-	-	-0.037	5.789	-	59
Jun-18	-	-	-	-	-0.037	5.817	-	35
Jul-18	-	-	-	-	-0.037	5.852	-	30
Aug-18	-	-	-	-	-0.037	5.885	-	34
Sep-18	-	-	-	-	-0.037	5.895	-	34
Oct-18	-	-	-	-	-0.037	5.941	-	66
Nov-18	-	-	-	-	-0.04	6.073	-	33
Dec-18	-	-	-	-	-0.042	6.301	-	38
Jan-19	-	-	-	-	-0.042	6.426	-	-
Feb-19	-	-	-	-	-0.042	6.396	-	-
Mar-19	-	-	-	-	-0.042	6.316	-	-
Apr-19	-	-	-	-	-0.042	6.006	-	20
May-19	-	-	-	-	-0.042	6.011	-	20
Jun-19	-	-	-	-	-0.042	6.036	-	17
Jul-19	-	-	-	-	-0.042	6.071	-	10
Aug-19	-	-	-	-	-0.042	6.108	-	10

NYMEX Escalators

Sep-19	-	-	-	-	-0.042	6.118	-	10
Oct-19	-	-	-	-	-0.042	6.166	-	75
Nov-19	-	-	-	-	-0.042	6.301	-	-
Dec-19	-	-	-	-	-0.042	6.531	-	-
Jan-20	-	-	-	-	-0.042	6.656	-	50
Feb-20	-	-	-	-	-0.042	6.626	-	-
Mar-20	-	-	-	-	-0.042	6.546	-	-
Apr-20	-	-	-	-	-0.042	6.236	-	-
May-20	-	-	-	-	-0.042	6.231	-	-
Jun-20	-	-	-	-	-0.042	6.253	-	-
Jul-20	-	-	-	-	-0.042	6.291	-	-
Aug-20	-	-	-	-	-0.042	6.331	-	-
Sep-20	-	-	-	-	-0.042	6.346	-	-
Oct-20	-	-	-	-	-0.042	6.406	-	-
Nov-20	-	-	-	-	-0.042	6.541	-	-
Dec-20	-	-	-	-	-0.042	6.771	-	246
Jan-21	-	-	-	-	-0.042	6.896	-	30
Feb-21	-	-	-	-	-0.042	6.866	-	30
Mar-21	-	-	-	-	-0.042	6.786	-	30
Apr-21	-	-	-	-	-0.042	6.476	-	30
May-21	-	-	-	-	-0.042	6.471	-	30
Jun-21	-	-	-	-	-0.042	6.491	-	30
Jul-21	-	-	-	-	-0.042	6.533	-	30
Aug-21	-	-	-	-	-0.042	6.573	-	30
Sep-21	-	-	-	-	-0.042	6.59	-	30
Oct-21	-	-	-	-	-0.042	6.65	-	30
Nov-21	-	-	-	-	-0.042	6.786	-	30
Dec-21	-	-	-	-	-0.042	7.018	-	30
Jan-22	-	-	-	-	-0.042	7.15	-	-
Feb-22	-	-	-	-	-0.042	7.12	-	-
Mar-22	-	-	-	-	-0.042	7.04	-	-
Apr-22	-	-	-	-	-0.042	6.73	-	-
May-22	-	-	-	-	-0.042	6.715	-	-
Jun-22	-	-	-	-	-0.042	6.753	-	-
Jul-22	-	-	-	-	-0.042	6.801	-	-
Aug-22	-	-	-	-	-0.042	6.846	-	-
Sep-22	-	-	-	-	-0.042	6.861	-	-
Oct-22	-	-	-	-	-0.042	6.926	-	-
Nov-22	-	-	-	-	-0.042	7.062	-	-
Dec-22	-	-	-	-	-0.042	7.294	-	-
Jan-23	-	-	-	-	-0.042	7.426	-	-
Feb-23	-	-	-	-	-0.042	7.396	-	-
Mar-23	-	-	-	-	-0.042	7.316	-	-
Apr-23	-	-	-	-	-0.042	7.006	-	-
May-23	-	-	-	-	-0.042	6.991	-	-
Jun-23	-	-	-	-	-0.042	7.031	-	-
Jul-23	-	-	-	-	-0.042	7.081	-	-
Aug-23	-	-	-	-	-0.042	7.126	-	-
Sep-23	-	-	-	-	-0.042	7.141	-	-
Oct-23	-	-	-	-	-0.042	7.206	-	-
Nov-23	-	-	-	-	-0.042	7.342	-	-
Dec-23	-	-	-	-	-0.042	7.574	-	-

Atmos Energy
Demand Side Management (DSM) Program
Participant Test

$NPV_P = B_P - C_P$

B_P =	$	3,072,922
C_P =		1,797,386
NPV_P =	**$**	**1,275,536**

Benefit-Cost Ratio **1.71**

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 captial costs

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

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	250,538	-	776,250	1,026,788
2	280,098	-	-	280,098
3	298,821	-	-	298,821
4	313,554	-	-	313,554
5	327,651	-	-	327,651
6	342,440	-	-	342,440
7	356,180	-	-	356,180
8	368,653	-	-	368,653
9	368,073	-	-	368,073
10	374,651	-	-	374,651
11	0	-	-	0
12	0	-	-	0
13	1	-	-	1
14	1	-	-	1
15	1	-	-	1
16	339,101	-	-	339,101
17	345,246	-	-	345,246
18	351,514	-	-	351,514
19	53,158	-	-	53,158
20	54,128	-	-	54,128
21	40,520	-	-	40,520
22	41,260	-	-	41,260
23	42,016	-	-	42,016
24	42,787	-	-	42,787
25	43,573	-	-	43,573
	4,633,964	-	776,250	5,410,214

8.810% Discount Rate

$3,072,922 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
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	$ 0.570	$ 0.1100	$ 0.68	$ 152,841
2	224,660	$ 0.651	0.1100	0.76	170,874
3	224,660	$ 0.701	0.1100	0.81	182,296
4	224,660	$ 0.741	0.1100	0.85	191,284
5	224,660	$ 0.780	0.1100	0.89	199,884
6	224,660	$ 0.820	0.1100	0.93	208,906
7	224,660	$ 0.857	0.1100	0.97	217,288
8	224,660	$ 0.891	0.1100	1.00	224,897
9	224,660	$ 0.924	0.1100	1.03	232,282
10	224,660	$ 0.942	0.1100	1.05	236,433
11	224,660	$ 0.961	0.1100	1.07	240,668
12	224,660	$ 0.980	0.1100	1.09	244,987
13	224,660	$ 1.000	0.1100	1.11	249,392
14	220,496	$ 1.020	0.1100	1.13	249,179
15	220,496	$ 1.040	0.1100	1.15	253,678
16	204,492	$ 1.061	0.1100	1.17	239,521
17	204,492	$ 1.083	0.1100	1.19	243,862
18	204,492	$ 1.104	0.1100	1.21	248,289
19	40,153	$ 1.126	0.1100	1.24	49,639
20	40,153	$ 1.149	0.1100	1.26	50,544
21	31,613	$ 1.172	0.1100	1.28	40,520
22	31,613	$ 1.195	0.1100	1.31	41,260
23	31,613	$ 1.219	0.1100	1.33	42,016
24	31,613	$ 1.243	0.1100	1.35	42,787
25	31,613	$ 1.268	0.1100	1.38	43,573
					$ 4,296,900

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	$ 0.570	$ 0.1100	$ 0.68	$ 97,697
2	143,605	$ 0.651	$ 0.1100	$ 0.76	$ 109,224
3	143,605	$ 0.701	$ 0.1100	$ 0.81	$ 116,525
4	143,605	$ 0.741	$ 0.1100	$ 0.85	$ 122,270
5	143,605	$ 0.780	$ 0.1100	$ 0.89	$ 127,767
6	143,605	$ 0.820	$ 0.1100	$ 0.93	$ 133,534
7	143,605	$ 0.857	$ 0.1100	$ 0.97	$ 138,892
8	143,605	$ 0.891	$ 0.1100	$ 1.00	$ 143,756
9	131,335	$ 0.924	$ 0.1100	$ 1.03	$ 135,791
10	131,335	$ 0.942	$ 0.1100	$ 1.05	$ 138,218
11	98,002	$ 0.961	$ 0.1100	$ 1.07	$ 104,985
12	98,002	$ 0.980	$ 0.1100	$ 1.09	$ 106,869
12	94,406	$ 1.000	$ 0.1100	$ 1.11	$ 104,799
12	93,018	$ 1.020	$ 0.1100	$ 1.13	$ 105,119
12	93,018	$ 1.040	$ 0.1100	$ 1.15	$ 107,016
12	85,016	$ 1.061	$ 0.1100	$ 1.17	$ 99,580
12	85,016	$ 1.083	$ 0.1100	$ 1.19	$ 101,384
12	85,016	$ 1.104	$ 0.1100	$ 1.21	$ 103,225
12	2,847	$ 1.126	$ 0.1100	$ 1.24	$ 3,519
12	2,847	$ 1.149	$ 0.1100	$ 1.26	$ 3,584
12	-	$ 1.172	$ 0.1100	$ 1.28	$ -
12	-	$ 1.195	$ 0.1100	$ 1.31	$ -
12	-	$ 1.219	$ 0.1100	$ 1.33	$ -
12	-	$ 1.243	$ 0.1100	$ 1.35	$ -
12	-	$ 1.268	$ 0.1100	$ 1.38	$ -
					$ 2,103,754

(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
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
A. High Efficiency Heating Savings			
B. High Efficiency Water Heating Savings			
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
Demand Side Management (DSM) Program
Participant Test

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

Energy Savings by Customer Class		INC_t
G-1 Residential Customers		$ 497,500
G-1 Commercial Customers		278,750
	Total	**$ 776,250**

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

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
Demand Side Management (DSM) Program
Participant Test

PC_t = Participant costs for t = 1

A. High Efficiency Heating Savings	(1) Program Participants	(2) Incremental Cost	(1) x (2) PC_t
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**
B. High Efficiency Water Heating Savings			
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**
C. High Efficiency Commercial Kitchen Equipment			
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
Demand Side Management (DSM) Program
Program Administrator Cost Test

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

B_{pa} =	$	2,605,293
C_{pa} =		1,217,924
NPV_{pa} =	**$**	**1,387,369**

Benefit-Cost Ratio **2.14**

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
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	$	210,029
2	$	239,590
3	$	258,313
4	$	273,044
5	$	287,142
6	$	301,931
7	$	315,671
8	$	328,143
9	$	328,913
10	$	335,492
11	$	310,160
12	$	316,363
13	$	319,094
14	$	319,812
15	$	326,207
16	$	307,255
17	$	313,400
18	$	319,668
19	$	48,429
20	$	49,397
21	$	37,042
22	$	37,783
23	$	38,539
24	$	39,310
25	$	40,096
	$	5,700,823

8.810% Discount Rate

$2,605,293 NPV

(1) UAC_t scheduled per calculation performed for RIM test

UAC_t = Utility avoided supply costs in year t

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	548,973	776,250	-	1,325,223
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
	548,973	776,250	-	1,325,223

8.810% Discount Rate

$1,217,924 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
Demand Side Management (DSM) Program
Ratepayer Impact Measure (RIM) Test

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

B_{RIM} =	$	2,605,293
C_{RIM} =		4,170,210
NPV_{RIM} =	**$**	**(1,564,917)**

Benefit-Cost Ratio **0.62**

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

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

t	UAC_t
1	210,029
2	239,590
3	258,313
4	273,044
5	287,142
6	301,931
7	315,671
8	328,143
9	328,913
10	335,492
11	310,160
12	316,363
13	319,094
14	319,812
15	326,207
16	307,255
17	313,400
18	319,668
19	48,429
20	49,397
21	37,042
22	37,783
23	38,539
24	39,310
25	40,096
	5,700,823

8.810% Discount Rate

$2,605,293 NPV

UAC_t = Utility avoided supply costs in year t

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

UAC_t = Utility avoided supply costs in year t

	G-1 Residential			G-1 Commercial			
t	Projected Gas Cost*	Annual Savings	Commodity Savings	Projected Gas Cost*	Annual Savings	Commodity Savings	UAC_t
1	$ 0.570	224,660	$ 128,128	$ 0.570	143,605	$ 81,901	$ 210,029
2	$ 0.651	224,660	$ 146,162	$ 0.651	143,605	$ 93,428	$ 239,590
3	$ 0.701	224,660	$ 157,584	$ 0.701	143,605	$ 100,729	$ 258,313
4	$ 0.741	224,660	$ 166,571	$ 0.741	143,605	$ 106,473	$ 273,044
5	$ 0.780	224,660	$ 175,171	$ 0.780	143,605	$ 111,971	$ 287,142
6	$ 0.820	224,660	$ 184,193	$ 0.820	143,605	$ 117,738	$ 301,931
7	$ 0.857	224,660	$ 192,575	$ 0.857	143,605	$ 123,096	$ 315,671
8	$ 0.891	224,660	$ 200,184	$ 0.891	143,605	$ 127,959	$ 328,143
9	$ 0.924	224,660	$ 207,569	$ 0.924	131,335	$ 121,344	$ 328,913
10	$ 0.942	224,660	$ 211,721	$ 0.942	131,335	$ 123,771	$ 335,492
11	$ 0.961	224,660	$ 215,955	$ 0.961	98,002	$ 94,205	$ 310,160
12	$ 0.980	224,660	$ 220,274	$ 0.980	98,002	$ 96,089	$ 316,363
13	$ 1.000	224,660	$ 224,680	$ 1.000	94,406	$ 94,414	$ 319,094
14	$ 1.020	220,496	$ 224,925	$ 1.020	93,018	$ 94,887	$ 319,812
15	$ 1.040	220,496	$ 229,423	$ 1.040	93,018	$ 96,784	$ 326,207
16	$ 1.061	204,492	$ 217,027	$ 1.061	85,016	$ 90,228	$ 307,255
17	$ 1.083	204,492	$ 221,368	$ 1.083	85,016	$ 92,032	$ 313,400
18	$ 1.104	204,492	$ 225,795	$ 1.104	85,016	$ 93,873	$ 319,668
19	$ 1.126	40,153	$ 45,223	$ 1.126	2,847	$ 3,206	$ 48,429
20	$ 1.149	40,153	$ 46,127	$ 1.149	2,847	$ 3,270	$ 49,397
21	$ 1.172	31,613	$ 37,042	$ 1.172	-	$ -	$ 37,042
22	$ 1.195	31,613	$ 37,783	$ 1.195	-	$ -	$ 37,783
23	$ 1.219	31,613	$ 38,539	$ 1.219	-	$ -	$ 38,539
24	$ 1.243	31,613	$ 39,310	$ 1.243	-	$ -	$ 39,310
25	$ 1.268	31,613	$ 40,096	$ 1.268	-	$ -	$ 40,096
Total Commodity Savings			$ 3,833,425			$ 1,867,398	$ 5,700,823

(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
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	-	250,538	548,973	776,250	1,575,762
2	-	280,098		-	280,098
3	-	298,821		-	298,821
4	-	313,554		-	313,554
5	-	327,651		-	327,651
6	-	342,440		-	342,440
7	-	356,180		-	356,180
8	-	368,653		-	368,653
9	-	368,073		-	368,073
10	-	374,651		-	374,651
11	-	345,653		-	345,653
12	-	351,856		-	351,856
13	-	354,191		-	354,191
14	-	354,298		-	354,298
15	-	360,694		-	360,694
16	-	339,101		-	339,101
17	-	345,246		-	345,246
18	-	351,514		-	351,514
19	-	53,158		-	53,158
20	-	54,128		-	54,128
21	-	40,520		-	40,520
22	-	41,260		-	41,260
23	-	42,016		-	42,016
24	-	42,787		-	42,787
25	-	43,573		-	43,573
	-	6,400,654	548,973	776,250	7,725,877

8.810% Discount Rate

$4,170,210 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
Demand Side Management (DSM) Program
Total Resource Cost (TRC) Test

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

B_{TRC} =	$	2,605,293
C_{TRC} =		2,301,910
NPV_{TRC} =	**$**	**303,383**

Benefit-Cost Ratio **1.13**

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 particpant costs

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

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	$ 210,029	-	$ 210,029
2	239,590	-	239,590
3	258,313	-	258,313
4	273,044	-	273,044
5	287,142	-	287,142
6	301,931	-	301,931
7	315,671	-	315,671
8	328,143	-	328,143
9	328,913	-	328,913
10	335,492	-	335,492
11	310,160	-	310,160
12	316,363	-	316,363
13	319,094	-	319,094
14	319,812	-	319,812
15	326,207	-	326,207
16	307,255	-	307,255
17	313,400	-	313,400
18	319,668	-	319,668
19	48,429	-	48,429
20	49,397	-	49,397
21	37,042	-	37,042
22	37,783	-	37,783
23	38,539	-	38,539
24	39,310	-	39,310
25	40,096	-	40,096
	$ 5,700,823	-	$ 5,700,823

8.810% Discount Rate

$2,605,293 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
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	548,973	1,955,735	-	2,504,709
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
	548,973	1,955,735	-	2,504,709

8.810% Discount Rate

$2,301,910 NPV

PRC_t = Program administrator costs in year t
PCN_t = Net particpant 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

Atmos Energy Corporation
Staff's Informal Conference Data Request Dated January 25, 2012
Case No. 2011-00395
Question No. 2
Witness: Mark A. Martin

REQUEST:

Is the discount rate used in your Application, consistent with Atmos' filed tariff?

RESPONSE:

No, attached is the revised tariff indicating that the weighted average cost of capital is used for the present value calculation for the DIA. (Specifically, see Tariff Sheet No. 40, last sentence of second paragraph.) The changes to the cost analysis also resulted in the need to update Tariff Sheet No. 41; therefor the appropriate changes have been made to this tariff sheet.

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism
DSM

1. Applicable

Applicable to Rate G-1 Sales Service, residential and commercial classes only. (T)

The Distribution Charge under Residential and Commercial Rate G-1 Sales Service, shall be increased or decreased for nine annual periods beginning January 2012 and continuing through December 31, 2016 by the DSM Cost Recovery Component (DSMRC) at a rate per Mcf in accordance with the following formula: (T)

$$DSMRC = DCRC + DLSA + DIA + DBA$$ (T)

Where:

DCRC = DSM Cost Recovery-Current. The DCRC shall include all actual costs, direct and indirect, under this program which has been approved by the Commission. This includes all direct costs associated with the program including rebates paid under the program, the cost of educational supplies, and customer awareness related to conservation/efficiency. In addition, indirect costs shall include the costs of planning, developing, implementing, monitoring, and evaluating DSM programs. In addition, all costs incurred by or on behalf of the program, including but not limited to costs for consultants, employees and administrative expenses, will be recovered through the DCRC. (T)

DLSA = DSM Lost Sales Adjustment. To effectively promote and execute the program, the Company shall recover the annual lost sales attributable to customer conservation/efficiency created as a result of the Program. This aligns the Company's interest with that of its customers by reducing the correlation between volume and revenue for those customers who elect to participate in the program. The lost sales are the estimated conservation, per participant, times the base rate for the applicable customer. The goal is to make the Company whole for promoting the program. Lost sales are based on the cumulative lost sales since the program inception and will reset when the Company completes a general rate case (N)

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism

DSM

DIA = DSM Incentive Adjustment. As a result of the program, the customers who participate in the program will save on their gas bills due to decreased usage, which results in decreased commodity charges. As an incentive for the Company to devote the necessary monetary and physical resources to promote and administer the program, the Company will earn a fifteen percent (15%) incentive based on the net resource savings of the Program participants. (N)

Net resource savings are defined as Program benefits less utility Program costs and participant costs where Program benefits will be calculated on the basis of the present value of Atmos' avoided commodity costs over the expected life of the Program. For the purpose of calculating the Program benefits, a specific measure's life as defined in DEER (Database for Energy Efficient Resources), EnergyStar or NEEP is assumed with future gas costs over a corresponding period based on projection of the Company's Gas Cost Adjustment (GCA) at the time of filing with escalation factors determined by NYMEX futures prices on the cost of gas at Henry Hub. The present value is the weighted average cost of capital as stated in the Company's most recent rate case. (T) (T)

DBA = DSM Balance Adjustment. The DBA shall be calculated on a calendar year basis and be used to reconcile the difference between the amount of revenues actually billed through the DSMRC and the revenues which should have been billed. (T)

The DBA for the upcoming twelve-month period shall be calculated as the sum of the balance adjustments for the DCRC, DLSA and DIA. For the DCRC, DLSA and DIA, the balance adjustment shall be the difference between the amount billed in a twelve-month period and the actual cost of the DSM Program during the same twelve-month period. (D)

The balance adjustment amounts calculated will include interest to be calculated at a rate equal to the average of "3-month Commercial Paper Rate" for the immediately preceding twelve-month period.

The Company will file modifications to the DSMRC on an annual basis at least two months prior to the beginning of the effective upcoming twelve-month period for billing. This annual filing shall include detailed calculations of the DCRC, DLSA, DIA and the DBA, as well as data on the total cost of the DSM Program over the twelve-month period. The calculations plus interest shall be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DSMRC. (T)

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Twelfth Revised Sheet No. 41
Canceling
Eleventh Revised Sheet No. 41

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism		
DSM		
DSM Cost Recovery Component (DSMRC-R):		(T)
DSM Cost Recovery – Current:	$0.0940 per Mcf	(I)
DSM Lost Sales Adjustment	$0.0040 per Mcf	(I)
DSM Incentive Adjustment	$0.0150 per Mcf	(I)
DSM Balance Adjustment:	($0.0391) per Mcf	(I)
DSMRC Residential Rate G-1	$0.0609 per Mcf	(I)
DSM Cost Recovery Component (DSMRC-C):		(N)
DSM Cost Recovery – Current:	$0.0690 per Mcf	(N)
DSM Lost Sales Adjustment	$0.0030 per Mcf	(N)
DSM Incentive Adjustment	$0.0120 per Mcf	(N)
DSM Balance Adjustment:	($0.0000) per Mcf	(N)
DSMRC Commercial Rate G-1	$0.0840 per Mcf	(N)

Atmos Energy Corporation
Staff's Informal Conference Data Request Dated January 25, 2012
Case No. 2011-00395
Question No. 3
Witness: Mark A. Martin

REQUEST:

Review residential participation estimates on Tab 2, Page 5 and amend if appropriate.

RESPONSE:

Our review indicates that the estimates are reasonable. Part of the confusion may be that in the 2008 application we estimated 2,400 participants and in this application 2,310. A closer examination of the estimates reveals that two measures have been added (thermostat rebates – 600, tank water heater EF .67 or > -150). Additionally, the estimated total number of furnaces and water heaters rebates actually declined significantly from our 2008 application (1,800 furnaces in 2008 vs. 1,210 and 500 water heaters in 2008 vs. 375 in this application). These facts, along with the tiering of the rebates so that a greater incentive is offered for more efficient equipment leads us to believe that the residential participation estimates are reasonable and appropriate.

Atmos Energy Corporation
Staff's Informal Conference Data Request Dated January 25, 2012
Case No. 2011-00395
Question No. 4
Witness: Mark A. Martin

REQUEST:

Should any portion of employee wages who work on the DSM Program be included in program costs?

RESPONSE:

The Company has removed all employee salary costs from the DSM program costs. (See Tab 2, Page 4 - the Program Overhead line has been zeroed out.)