

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ATMOS ENERGY CORPORATION)
FOR APPROVAL TO CONDUCT HEDGING)
PROGRAM FOR THE WINTER OF 2003-2004) CASE NO. 2003-00192

FIRST DATA REQUEST OF COMMISSION STAFF TO
ATMOS ENERGY CORPORATION

Atmos Energy Corporation (Atmos) is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due no later than June 16, 2003. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Atmos s hedging plan which indicates that up to 50 percent of its normal winter requirements will be stored during the injection season for use in the winter and that this is consistent with Atmos s historical use of storage.

a. How much of Atmos s storage consists of its on-system storage and how much consists of pipeline storage?

b. Provide Atmos s average cost of gas withdrawn from storage during the 2002-2003 heating season.

c. Based on current and projected natural gas wholesale prices, what does Atmos expect its average cost of gas withdrawn from storage during the 2003-2004 heating season to be?

2. Published reports indicate that there are fewer large, financially viable energy companies operating today than in previous years.

a. Provide the names of the entities with whom Atmos s futures contracts and costless collar arrangements were made for the 2002-2003 heating season.

b. Identify the entities with whom Atmos expects to enter into such arrangements for the upcoming winter heating season.

3. Provide the following information for the individuals who will make the decisions for Atmos regarding purchases of futures contracts and/or costless collars:

a. Name and title.

b. Level of experience in natural gas procurement.

c. Level of experience in purchasing hedging instruments such as those proposed by Atmos.

4. Provide the total Mcf for Atmos s normal heating season requirements as projected for the period November 1, 2003 through March 31, 2004 and its projected normal heating requirements for the same period in 2002-2003, as of June 1, 2002.

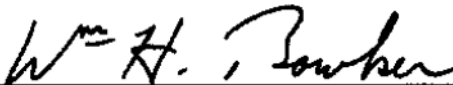
5. Atmos s application indicates that, under its proposal, only 25 percent of its normal winter volumes would be purchased at market prices, consistent with its prior approved hedging plans. It also indicates that for 2002-2003 Atmos executed only 85 percent of its planned hedge volumes.

a. Despite having a hedging plan in effect for 2002-2003, on March 3, 2003, Atmos made an interim Gas Cost Adjustment (GCA) filing with the Commission, later revised downward, which, based on late winter increases in wholesale gas prices, included an expected commodity cost more than \$3.00 per Mcf greater than what had been approved in January 2003 for the February - April quarter. Describe the factors that necessitated such a filing.

b. To what extent did the fact that Atmos executed only 85 percent of its planned hedge volumes for the 2002-2003 heating season affect the situation that resulted in Atmos making this interim GCA filing?

c. Given the magnitude of the wholesale price increases that occurred late in the 2002-2003 heating season, by how much would Atmos have needed to reduce the volumes purchased at market prices in order to have avoided the need to make such an interim GCA filing?

d. Were the Commission to consider that Atmos, through storage and financial hedging, should hedge more than the 75 percent (possibly up to 100 percent) of the total winter volumes contained in the proposed hedging plan, describe all of the issues or concerns of which Atmos believes the Commission should be aware prior to considering such an option.


William H. Bowker
Deputy Executive Director
Public Service Commission
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DATED June 11, 2003

cc: All Parties

Case No. 2003-00192