

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR A DEVIATION FROM)	CASE NO.
THE REQUIREMENTS OF 807 KAR 5:022,)	2005-00067
SECTION 8(4)(a) AND (b))	

FIRST DATA REQUEST OF COMMISSION STAFF TO
ATMOS ENERGY CORPORATION

Atmos Energy Corporation (“Atmos Energy”), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due within 7 days of the date of this data request. Each copy of the data requested should be placed in a bound volume with each item tabbed. 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 witness 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 requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Refer to page 1 of the application, where it is stated, "Atmos Energy has determined it would be in its best interest and in the best interest of its ratepayers to outsource all of the testing and repair of its meters and has elected to outsource this work to a different company." Explain how Atmos Energy determined that outsourcing the meter work was "in the best interest of its ratepayers."

2. Provide a detailed cost/benefit analysis that evaluates Atmos Energy's decision to outsource meter testing and repair. For this analysis, include the following:

a. The number of meters outsourced for calendar years 2000 through 2004 identified by new meters, existing meters tested, meters repaired, and outsourced expenses by vendor.

b. The estimated meter expenses and number of meters estimated by Atmos Energy to be outsourced to Tucker Meter Service ("Tucker") and to Mississippi Valley Gas ("Mississippi Gas") for testing new meters, existing meters tests, and meter repairs.

c. The services and other benefits Atmos Energy expects to derive from outsourcing meter services to Tucker and Mississippi Gas.

d. A detailed analysis of all alternatives reviewed that justified the decision to outsource meter testing to Tucker and Mississippi Gas.

e. All assumptions, escalators, return on investment calculations, net present value, and net financial return included in the analysis that support the decision to close the testing facility in Kentucky.

3. If Atmos Energy did not perform a cost/benefit analysis, explain the methodology utilized to support the decision to close the Kentucky facility.

4. Provide the number of employees at the testing facility located at 3064 Fairview Drive, Owensboro, Kentucky. If there are employees at this facility who will no longer be employed by Atmos Energy, explain how these employee costs were reflected in the analysis and decision to close the facility.

5. Refer to paragraph 1, page 2 of the application that states that Mississippi Gas is a division of Atmos Energy. KRS 278.2207(b) provides that the services and products provided to the utility by an affiliate shall be priced at the affiliate's fully distributed cost but in no event greater than market or in compliance with the utility's existing USDA-, SEC- or FERC-approved cost methodology.

a. State whether the transaction proposed with Mississippi Gas is in compliance with this statute. Explain the response.

b. If the answer to 5(a) is no, explain why Atmos Energy has not requested a deviation as permitted by KRS 278.2207(2).

c. State whether Atmos Energy issued a request for proposal for its meter testing needs. Explain the response.

6. Refer to paragraph 1, page 1 of the application. Atmos Energy states that in recent years it has tested a portion of its meters at its facility at 3064 Fairview Drive, Owensboro, Kentucky and outsourced the others to Columbia Gas of Kentucky ("Columbia").

a. State how many meters Atmos Energy has tested in its facilities at 3064 Fairview Drive, Owensboro, Kentucky for each of the last 3 years.

b. State whether Atmos Energy is currently outsourcing a portion of its meter testing to Columbia.

c. If Atmos Energy is currently outsourcing a portion of its meter testing to Columbia, state the number of Atmos Energy meters tested by Columbia for 2005.

d. Explain why Atmos Energy is proposing to outsource its meter testing to Mississippi Gas rather than continuing its outsourcing to Columbia.

e. State whether Columbia is capable and willing to continue its meter testing arrangement with Atmos Energy. Explain the response.

7. Explain what effect, if any, Atmos Energy's proposal to outsource its meter testing to Mississippi Gas will have on its meter sampling plan.

8. Explain how Atmos Energy plans to transport its meters to Mississippi Gas.

9. State whether the transportation to and from Mississippi Gas will affect the accuracy or calibration of the meters. Explain the response.

10. Refer to paragraph 3, page 1 of the application. Atmos Energy states that it will use Tucker for any meter when a customer request is made to observe the testing, for any meter Atmos Energy determines should be tested locally, and for random testing of the meters tested by Mississippi Gas, as well as new meters supplied by manufacturers.

a. Explain why Atmos Energy will have Tucker randomly test meters that have been tested by Mississippi Gas.

b. State whether Tucker is capable and willing to meet all of Atmos Energy's meter testing. Explain the response.

11. Refer to paragraph 4, page 2 of the application. Atmos Energy has provided the Commission with the type and serial number of the provers used by Mississippi Gas and Tucker. State when these provers were last calibrated.

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line at the end, positioned above the printed name.

Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED May 16, 2005

cc: All Parties