

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PIPE REPLACEMENT PROGRAM FILING)
OF ATMOS ENERGY CORPORATION) CASE NO. 2011-00120

COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO ATMOS ENERGY CORPORATION

Atmos Energy Corporation ("Atmos"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due no later than 10 days from the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Atmos shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Atmos fails or refuses to furnish all or part of the requested information, Atmos shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Exhibit A of Atmos's March 31, 2011 filing. Provide calculations of the amounts shown on Lines 20, 21, and 22 for, respectively, Ad Valorem Tax Increase, Income Taxes on Cost of Service Items, and Income Taxes on Adjusted Interest Expense.

2. Refer to Exhibits C and D of Atmos's March 31, 2011 filing.

a. Explain the assumptions used in arriving at four months of customer bill counts as shown on Exhibit D given the bill totals for each class shown under the "Total" column on Exhibit C.

b. The customer charge surcharges are calculated using the equivalent of four months of activity. Explain why the volumetric surcharges are calculated using 12 months' sales volumes as opposed to four months.

c. Provide Exhibits C and D reflecting sales volumes and volumetric surcharges commensurate with the four months of customer counts used in calculating the customer charge surcharges.

3. Refer to Exhibit E of the March 31, 2011 filing. Given that the proposed surcharges are intended to be in effect for four months, explain why Atmos proposes to

use the "half-year convention" to determine the amount of depreciation expense and accumulated depreciation used in the deficiency calculation in Exhibit A.

4. Refer to Exhibit F of the March 31, 2011 filing. Given that the proposed surcharges are intended to be in effect for four months, explain why Atmos proposes to use a full year's book and tax depreciation to derive the level of deferred income taxes included in the rate base determination used in the deficiency calculation in Exhibit A.

5. Refer to Exhibit G of the March 31, 2011 filing. Provide the date of the capital structure that contains the ratios of 48.6 percent debt and 51.4 percent equity.

6. Refer to Exhibit H of the March 31, 2011 filing. State whether the "Current Year Retired Footage" of 42,153 feet shown on Line 1 (which is also the total of the amounts listed on Exhibit I) is for calendar year 2011 or just the months of June through September of 2011.

7. In Case No. 2009-00354,¹ in which Atmos's pipe replacement program ("PRP") was approved by the Commission, Mr. Greg Waller's Direct Testimony discussed how Atmos would track its PRP investments separately from other investments.

a. Explain whether Atmos decided (1) to set up specific capital asset accounts for each PRP investment or (2) to record all PRP investments in designated cost centers in its general ledger.

¹ Case No. 2009-00354, Application of Atmos Energy Corporation for an Adjustment of Rates (Ky. PSC May 28, 2010).

b. Provide an example of the accounting entries that will be made under the approach Atmos chose to use to account for its PRP rate base separately from its non-PRP rate base.



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DATED APR 25 2011

cc: Parties of Record

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