

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)
CORPORATION TO EXTEND ITS)
DEMAND-SIDE MANAGEMENT PROGRAM) CASE NO. 2011-00395
AS AMENDED AND COST RECOVERY)
MECHANISM AS AMENDED FOR FIVE(5))
YEARS)

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
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 November 21, 2011. 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. The Commission's final Order in Case No. 2010-00305, finding paragraph 4, required Atmos to file certain information with its next Demand-Side Management ("DSM") case.¹ Specifically, that Order required Atmos to file: 1) The number of households provided weatherization assistance from \$1 to \$1,500 and \$1,500 to \$2,500; 2) The number of households that received \$3,000 in assistance from September 2, 2009 through the date of that Order; and 3) The number of households that were eligible for \$3,000 from the date of that Order to the date of the next application. Explain where this information is included in Atmos's Application. If this information is not included as ordered by the Commission, explain why and provide it.

¹ Case No. 2010-00305, Application of Atmos Energy Corporation to Modify its Demand-Side Management Program and Cost Recovery Mechanism (Ky. PSC June 21, 2011).

2. In paragraph 8, page 2, of Atmos's Application, it states that the cost of weatherization has continued to increase since the last renewal of its program. Atmos included the same statement in its last DSM Application in Case No. 2008-00499.²

a. Explain the individual components provided to weatherization program participants as part of the weatherization process.

b. Provide average weatherization costs per household, broken down by individual components of the weatherization process identified above, from the inception of the program through September 29, 2011.

c. Provide any other support and/or calculations available which justify raising the average funding available per qualifying low-income household from the current \$2,500 to \$3,000.

3. Atmos's proposal to increase the average funding per qualified low-income household from \$2,500 to \$3,000 while increasing the annual cap from \$350,000 to \$375,000 will, on average, reduce the annual maximum number of weatherized homes from 140 to 125. Explain why Atmos is proposing a decrease in the number of weatherization participants, considering the fact that Tab 2, page 9 of 27, shows that 136 homes participated in the weatherization program in 2010.

4. Atmos is proposing to tier residential appliance rebates so that higher efficiency appliances receive higher rebates. Reconcile this proposal with Atmos's statement in Case No. 2008-00499 that indexing the level of benefits to the size of the unit installed would give customers an incentive to buy larger furnaces or other

² Case No. 2008-00499, Application of Atmos Energy Corporation to Modify and Extend Its Demand-Side Management Program and Cost Recovery Mechanism (Ky. PSC Sep. 2, 2009).

appliances than they need and thereby consume more energy than necessary.³ Will size be a component of the tiering, or efficiency only?

5. Provide the expected expiration date of American Recovery and Reinvestment Act funding for weatherization.

6. Refer to the Application, Tab 1, page 4, where Atmos states its proposal to continue to administer the education program with company personnel. Explain whether employee costs or the costs associated with the positions were included in Atmos's most recent test year, whether these employee costs are included in the DSM Cost Recovery-Current calculation, and if these costs are related to employees hired since its last rate case or whether they are existing employee costs.

7. Explain why Atmos decided to expand its education program to all grade levels as well as adults, including any expected increases in costs and benefits.

8. Refer to the Application, Tab 1 at page 9, explanation of the High Efficiency Water Heater Program. Explain the increase in the Tankless Model rebate, from \$300 for a 99 percent efficient model, to \$400 for a model with efficiency greater than 82 percent.

9. Refer to the Application, Tab 1 at page 11, explanation of the Commercial Cooking Program. Explain why the rebate for each equipment type is proposed to be \$500 when there is such a variation in energy savings among the equipment types, as shown on page 3 of 27 of Tab 2.

10. Explain why Atmos decided to expand its DSM program offerings to commercial customers.

³ Id., Atmos Response filed Apr. 13, 2009, at 5.

11. Explain any DSM programs considered by Atmos and its collaborative that were not chosen for inclusion in Atmos's program.

12. Tab 2, page 8 of 27, shows estimated cost of furnaces, boilers, water heaters and thermostats, but does not include costs for commercial gas cooking equipment; the information provided appears to be incremental costs only. Provide estimated product costs for inefficient and high efficiency equipment for each commercial cooking equipment type for which a rebate is proposed.

13. Refer to Tab 2, page 1 of 27. All of the California Test Benefit/Cost Ratios have increased since the same information was filed in Case No. 2008-00499 except for the Ratepayer Impact Test ("RIM"). In Case No. 2008-00499, the RIM ratio was 2.01, while in the current case the ratio is 0.67. Explain why this measure of Atmos's DSM program cost-effectiveness has not only decreased, but is now less than 1.

14. Explain whether Atmos performed California Tests on the individual components of its DSM program. If so, provide the results. If not, explain why not.

15. Refer to Tab 2, page 2 of 27. Explain the basis for the estimates of residential and commercial participants in the various programs, and provide the number of participants in Atmos's existing programs from the time of the individual program's inceptions.

16. Refer to Tab 2, page 3 of 27. Provide the source of the deemed savings and explain whether the deemed savings shown are over the life of each measure or if this is annual savings.

17. Refer to Tab 2, page 4 of 27.

a. Explain why Program Costs related to education (\$20,000 of the \$395,000 total cost) are allocated only to the G-1 Residential class and none to the G-1 Commercial class.

b. Provide a detailed breakdown of the costs attributed to Customer Awareness, Supplies, and Program Overhead for G-1 Residential and Commercial. To the extent that these costs can be broken down among programs, provide that information.

c. Refer to the \$1,542,183 and \$811,466 Program Benefits as calculated in Schedule C of Tab 2 for purposes of calculating the DSM Incentive Adjustment. Explain why 25 years of data is used in the calculation of Program Benefits as opposed to the 10 years referenced by Atmos on page 14 of Tab 1 and as required by Atmos's tariff.

d. Refer to the \$19,875 Cumulative Prior Years Participation Lost Sales, as calculated in Schedule B of Tab 2 for purposes of calculating the DSM Lost Sales Adjustment. Provide the calculations supporting the Total Conservation in Ccf for High Efficiency Appliance Savings and Weatherization Program for 2009, 2010, and 2011.

e. Provide all calculations supporting the over-recovery of \$412,362.61 used in the calculation of the DSM Balance Adjustment.

18. Refer to Tab 2, page 8 of 27. Explain the differences in cost shown for furnaces depending on contractor location, and whether program participants are required to buy furnaces from particular vendors depending on where they live.

19. Refer to Tab 2, page 10 of 27. Provide the 2011 "Annual Energy Outlook" from which the numbers in the Projected Gas Cost columns are derived.

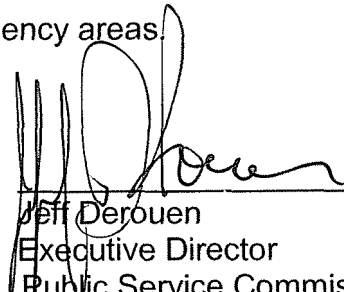
20. Refer to Tab 2, pages 11 through 27 of 27. Explain why 25 years of data was used in performing the California Tests as opposed to the 10 years of data used in Atmos's last DSM application.

21. Refer to Tab 2, pages 11 through 17 of 27. Explain whether Atmos performed Participant Tests for the Residential and Commercial classes separately. If so, please provide them. If not, explain why not.

22. Refer to Tab 2, page 24 of 27. Explain how the yearly revenue losses in column (2) were derived.

23. Explain whether Atmos performed separate Ratepayer Impact Measure Tests for residential and commercial customers. If so, provide them. If not, explain why not.

24. Refer to Tab 4. The Atmos Cares monthly reports for January through August 2011 show that the Pennyrite Agency spends more than \$2,500 on average funding per qualified low-income household (according to March, April and May 2011 reports). Explain why it is more costly to weatherize a low-income home on average in the Pennyrite agency area than in the other agency areas.



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cc: Parties of Record

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