



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

February 20, 2006

Mark R. Hutchinson, Esq.
Wilson, Hutchinson & Poteat
611 Frederica Street
Owensboro, Ky 42301

John Hughes, Esq.
124 W. Todd Street
Frankfort, Kentucky 40601

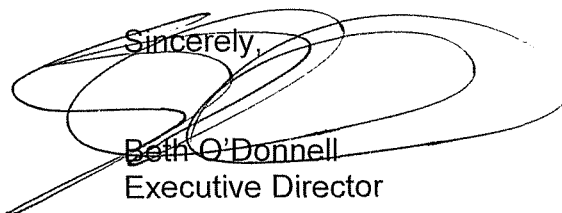
Dennis G. Howard, II, Esq.
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

Re: Case No. 2005-00057
Informal Conference held on February 14, 2006

Gentlemen:

Enclosed please find a memorandum that has been filed into the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within five days from the date of this letter. Any questions regarding this memorandum should be directed to Anita Mitchell of the Commission Staff at 502-564-3940.

Sincerely,


Beth O'Donnell
Executive Director

Enclosure

Honorable Dennis G. Howard II
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

William J. Senter
V.P. Rates & Regulatory Affairs
Atmos Energy Corporation
2401 New Hartford Road
Owensboro, KY 42303-1312

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2005-00057

FROM: Anita Mitchell, Legal Division *alm*

DATE: February 20, 2006

SUBJECT: February 14, 2006 - Informal Conference

Pursuant to the Commission's Order of February 2, 2006, an informal conference was held in this case on February 14, 2006. A copy of the conference attendance list is appended hereto as Appendix A.

Beginning the conference, Anita Mitchell of Commission Staff ("Staff") explained that a memorandum of the conference would be prepared for the case record and that a copy of the memorandum would be provided to counsel for review and comment.

Ms. Mitchell directed the participants' attention to the Commission's Order which stated that the informal conference was scheduled for the purpose of developing a procedural schedule that would permit the Attorney General ("AG") the opportunity to conduct discovery and to develop testimony and evidence to meet his burden of proof. Staff distributed a proposed procedural schedule, appended hereto as Appendix B, that was designed to allow the AG the opportunity discussed in the Commission's Order and to process the case before the next hearing season.

Dennis Howard of the AG's office stated that while the AG would like to process this case as quickly as possible, he did not believe that Staff's proposed procedural schedule would allow the parties sufficient time to process the case. He explained that he thought the processing of the case would be similar to that of the Commission's investigation into the earnings of Brandenburg Telephone Company,¹ which he stated was processed in approximately 20 months. While he stated he was not proposing that this case take 20 months, he stated that this case would take some time to process. Mr. Howard acknowledged the AG's burden of proof and stated that time would be required for him to work with his experts and to draft the necessary information requests to Atmos Energy Corporation ("Atmos"). He stated that he thought that the information he would seek from Atmos would be the equivalent of what Atmos would be required to file if it was seeking a rate adjustment and that as a result, Atmos

¹Case No. 9859, An Investigation Into the Reasonableness of the Earnings of Brandenburg Telephone Company, Inc. (Ky. P.S.C., Nov. 29, 1988).

would need at least 60 days to compile the necessary information. He stated that he had also drafted a proposed procedural, which is appended hereto as Appendix C. After Staff made copies, the AG's proposed procedural schedule was distributed to the participants for review and discussion.

After inquiry from Commission Staff, Atmos stated that it had contemplated filing an application for a rate adjustment in the near future. In light of Atmos's statement, Commission Staff suggested that the parties may wish to consider entering into an agreement wherein the parties would agree that Atmos would file a rate adjustment case by a date certain and that the AG would move to dismiss his Complaint. Mr. Randy Hutchinson, attorney for Atmos, stated that he would like to have the opportunity to meet briefly with his client in private. The participants all agreed and Atmos briefly left the room.

Upon returning to the room, Mr. Hutchinson thanked the participants for the opportunity to meet with his client and stated that he was not prepared to agree to his client filing a rate case at this time. He stated that he would continue to discuss the matter with Mr. Howard.

The discussions then returned to the AG's proposed procedural schedule. After a thorough discussion, the representatives of Atmos and the AG agreed to the procedural schedule appended hereto as Appendix D, which provides for a hearing to be scheduled after January 19, 2007. The parties also agreed that an opportunity to file post-hearing briefs should be included in the procedural schedule.

Ms. Mitchell asked the parties if they would be interested in transmitting and receiving all filings by electronic mail as well as regular mail. Mr. Spenard of the AG's office suggested that text documents be transmitted in Microsoft Word[®] format, spreadsheets be transmitted in Microsoft[®] Excel format and that all other documents be transmitted in portable document format ("PDF"). All participants agreed. The AG's office asked if it would be necessary for it to file an original and 10 copies of documents in this case. Staff indicated that the parties should only be responsible for filing an original and 5 copies of all documents except testimony for which they should be required to file an original and 8 copies.

All participants stating they had no further issues to discuss, the conference was adjourned.

APPENDIX A

APPENDIX TO THE INFORMAL CONFERENCE MEMORANDUM
CASE NO. 2005-00057

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE OFFICE OF ATTORNEY GENERAL
COMMONWEALTH OF KENTUCKY

COMPLAINANT

V. CASE NO. 2005-00057

ATMOS ENERGY CORPORATION

DEFENDANT

=====
February 14, 2006 Informal Conference
=====

Please sign in:

NAME

REPRESENTING

Chita Mitchell

PSC - legal division

Jason Deunneva

PSC - Financial Analysis

Dennis Howard II

OAG

Betsy Blackford

OAG

Larry Cook

OAG

Jeff Shaw

PSC - FIN. ANALYSIS

David Edward Spencer

OAG

Gerald Wutcher

PSC Staff

Jason L. Lewis

PSC - Financial Analysis

Randy Hutchinson

ATMOS

Jack Hyles

"

Gary L. Smith

Atmos Energy

David Sanford

PSC

Beth O'Donnell

PSC

Andrew Melnykovich

PSC

APPENDIX B

APPENDIX TO THE INFORMAL CONFERENCE MEMORANDUM
CASE NO. 2005-00057

PROCEDURAL SCHEDULE
CASE NO. 2005-00057

AG's initial requests for information to Atmos shall
be filed no later than 03/03/06

Atmos shall file responses to AG's initial requests for
information no later than 03/13/06

AG's supplemental requests for information to Atmos
shall be filed no later than 03/23/06

Atmos shall file responses to the AG's supplemental requests
for information no later than 04/03/06

AG's supplemental testimony shall be filed,
in verified form, no later than 04/13/06

All requests for information to the AG shall be
filed no later than 04/24/06

AG shall file responses to request for information no later than..... 05/04/06

All supplemental requests for information to
the AG shall be filed no later than 05/15/06

Atmos shall file testimony, in verified form, no later than 05/25/05

All requests for information to Atmos shall be
filed no later than 06/05/06

Atmos shall file responses to request for information no later than..... 06/15/06

AG shall file rebuttal testimony, in verified form, no later than 06/26/05

Last day for Atmos to publish notice of hearing To Be scheduled

Public Hearing is to begin at 9:00 a.m., Eastern
Daylight Time, in Hearing Room 1 of the Commission's
offices at 211 Sower Boulevard, Frankfort, Kentucky,
for the purpose of cross-examination of witnesses of
AG and Atmos To Be Scheduled

Briefs, if any, shall be filed byTo Be Scheduled

APPENDIX C

APPENDIX TO THE INFORMAL CONFERENCE MEMORANDUM
CASE NO. 2005-00057

PROPOSED PROCEDURAL SCHEDULE

| | |
|--|--|
| Attorney General's First Data Requests | March 15 (Equivalent to an application) |
| Atmos' Response to Attorney General First (Governance Mechanism for Compliance) | May 15 (60 days) |
| Attorney General's Second Data Requests | June 14 (30 days) |
| Atmos' Response to Attorney General Second | July 5 (21 days) |
| Attorney General's Third Data Requests | July 26 (21 days) |
| Atmos' Response to Attorney General Third | August 16 (21 days) |
| Attorney General's Testimony | September 15 (30 days) |
| Atmos' Requests to Attorney General | September 29 (14 days) |
| Attorney General's response to Atmos | October 13 (14 days) |
| Atmos' Testimony | October 27 (14 days) |
| Attorney General's Fourth Data Requests | November 10 (14 days) |
| Attorney General's Rebuttal | November 17 (7 days) |

APPENDIX D

APPENDIX TO THE INFORMAL CONFERENCE MEMORANDUM
CASE NO. 2005-00057

AG's initial data requests for information to Atmos shall
be filed no later than 03/15/06

Atmos shall file responses to the AG's initial requests for
information no later than 05/15/06

AG's second data request to Atmos shall be filed no later than..... 06/14/06

Atmos shall file responses to the AG's second data request
no later than..... 07/12/06

AG's third data request to Atmos shall be filed no later than 08/02/06

Atmos shall file responses to the AG's third data request no later than.... 08/16/06

AG shall file supplemental testimony, in verified form,
no later than..... 09/15/06

All requests for information to the AG shall be filed no later than 10/16/06

AG shall file responses to all requests for information no later than 10/30/06

Atmos shall file testimony, in verified form, no later than 11/30/06

All requests for information to Atmos shall be filed no later than 12/15/06

Atmos shall file responses to requests for information no later than..... 01/05/07

AG shall file rebuttal testimony, in verified form, no later than 01/19/07

Last day for Atmos to publish notice of hearing To Be scheduled

Public Hearing is to begin at 9:00 a.m., Eastern
Time, in Hearing Room 1 of the Commission's
offices at 211 Sower Boulevard, Frankfort, Kentucky,
for the purpose of cross-examination of witnesses of
AG and Atmos To Be Scheduled

Briefs, if any, shall be filed by To Be Scheduled