



December 2, 2005

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PUBLIC SERVICE
COMMISSION

Honorable Beth O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

Subject: Tariff Filing – Request to Extend Demand Side Management Program and Cost Recovery Mechanism

Case No. 2005-00515

Dear Ms. O'Donnell:

Enclosed are an original and three copies of **Second Revised Sheet No. 39 Canceling First Revised Sheet No. 39** with a proposed effective date of January 1, 2006. In association therewith, Atmos Energy (or the "Company") hereby requests a three (3) year extension of the Company's current Demand Side Management ("DSM") program. The current DSM program expires December 31, 2005.

Atmos Energy's current DSM program and cost recovery mechanism was approved by Commission Order in Case No. 2002-00405 on April 25, 2003. The program was designed to provide annual funding of approximately \$200,000 for three (3) years for weatherization services to eligible, low-income households served by Atmos Energy. Day to day administration of the program (applicant screening, energy audits, contractor hiring, etc.) is conducted by various community action agencies and invoiced back to the Company on a per household basis. The Company then reimburses the agency from the funds it has collected under tariffs for this purpose. Atmos Energy absorbs its administration costs, and any revenue losses that may result from the energy efficiency improvements under this program.

This filing correlates to the DSM Balance Adjustment submitted by Atmos Energy on October 26, 2005. In that preceding filing, the Company submitted supporting schedules for the cost recovery, and the proposed Fourth Revised Sheet No. 41 Canceling Third Revised Sheet No. 41.

Ms. Beth O'Donnell
December 2, 2005
Page - 2

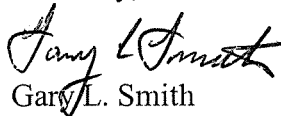
I am enclosing the minutes of the latest meeting of the DSM Collaborative Board, which includes the most recent review of the program and unanimous support for continuation of the program, without modification.

We would greatly appreciate the Commission's expedited review of the proposed tariff extension. If the Commission is unable to render approval by the current expiration date of December 31, 2005, we respectfully request the Commission to allow the current benefits and funding of the DSM program to continue until final action by the Commission on this request.

Upon approval, we request that a copy of each tariff page filed be stamped "approved" and returned by mail to my attention.

Please contact me at your earliest convenience should the Commission or Staff have any questions regarding this matter.

Sincerely,



Gary L. Smith
Vice President, Marketing & Regulatory Affairs

Enclosures

Cc: Collaborative Board Members
Mr. Mark R. Hutchinson
Mr. Tom Morel

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism
DSM
<p>1. <u>Applicable</u></p> <p>Applicable to Rate G-1 Sales Service, residential class only.</p> <p>The Distribution Charge under Residential Rate G-1 Sales Service, shall be increased or decreased for nine annual periods beginning January 2000 and continuing through December 31, 2008 by the DSM Cost Recovery Component (DSMRC) at a rate per Mcf in accordance with the following formula: (T)</p> $\text{DSMRC} = \text{DCRC} + \text{DBA}$ <p>Where:</p> <p>DCRC = DSM Cost Recovery-Current. The DCRC shall include all projected costs for the next twelve-month period. These costs shall be limited to expected payments to program implementation contractors over that period, as well as any costs incurred by or on behalf of the DSM collaborative process. These costs would be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DCRC.</p>

ISSUED: December 2, 2005

EFFECTIVE: January 1, 2006

ISSUED BY: Gary Smith

Vice President – Marketing & Regulatory Affairs/Kentucky Division

Minutes from Atmos Energy Cares Demand Side Management
Collaborative Board Meeting

The Annual Board Meeting for 2005 was held via conference call, at 8:30 AM, Central Time, on Tuesday, November 29, 2005. In attendance were:

Kip Bowmar	Kentucky Association of Communication Action
Dennis Howard	Office of the Attorney General
Scott Crocker	Kentucky Legal Aid
Gary Smith, Chairman	Atmos Energy
Jackie Purcell	Atmos Energy

The Board reviewed the Atmos Energy Cares Demand Side Management (DSM) program. The DSM program annually funds approximately \$200,000 toward weatherization programs for low-income customers of Atmos Energy in Kentucky only. Spending, for qualifying homes, was targeted at \$1500 per home.

The Board then reviewed the results of the past three years under the program. From January 2003 through October 2005, \$488,176 has been spent on weatherizing 332 homes at an average cost of \$1,470 per structure. The cost borne by residential ratepayers of Atmos Energy for this program has been nominal – about \$1.20 annually. The results were reported on the summary, attached hereto, which were distributed prior to this meeting.

Atmos Energy's current DSM program and cost recovery mechanism was approved by Commission Order in Case No. 1999-070 on December 21, 1999. The DSM program was renewed for an additional three years in 2003 and is scheduled to expire after December 31, 2005. The Collaborative Board felt good about the program and its results, and recommended a three (3) year extension of the program, especially in light of the projected high gas costs for the upcoming 2005-2006 winter heating season. The vote for the extension was by unanimous affirmation.

Gary Smith, Atmos Energy, stated that the Company would proceed to submit a request for approval by the Kentucky Public Service Commission to extend the program for three additional years, beginning effective January 1, 2006.

There being no further business to conduct at this time, the Atmos Energy Cares DSM Collaborative Board meeting was adjourned.

ATMOS ENERGY CARES TOTALS
(Period of January 2003 through October 2005)

Payment Month	Expenses	Annual Expenses	Cumulative Annual Expenses	Houses	Cum. Houses	Cum. Annual Houses
Jan-03	\$13,738.97			12		
Feb-03	\$7,996.11			6		
Mar-03	\$10,787.16			8		
Apr-03	\$22,161.59			14		
May-03	\$13,969.39			11		
Jun-03	\$6,547.15			4		
Jul-03	\$10,246.75			3		
Aug-03	\$4,525.25			8		
Sep-03	\$8,577.02			7		
Oct-03	\$10,047.55			12		
Nov-03	\$21,285.77			11		
Dec-03	\$11,487.21	\$141,369.92	\$141,369.92	7	103	103
Jan-04	\$10,757.10			7		
Feb-04	\$14,497.95			9		
Mar-04	\$23,181.08			16		
Apr-04	\$16,843.44			11		
May-04	\$17,739.85			11		
Jun-04	\$16,576.54			12		
Jul-04	\$14,250.03			9		
Aug-04	\$1,495.00			5		
Sep-04	\$31,760.20			12		
Oct-04	\$3,225.00			8		
Nov-04	\$10,177.65			7		
Dec-04	\$12,580.47	\$173,084.31	\$314,454.23	8	115	218
Jan-05	\$23,366.02			14		
Feb-05	\$22,121.83			15		
Mar-05	\$18,675.61			13		
Apr-05	\$28,094.00			19		
May-05	\$27,951.09			18		
Jun-05	\$14,498.32			12		
Jul-05	\$9,183.99			3		
Aug-05	\$5,615.40			4		
Sep-05	\$13,032.57			9		
Oct-05	\$11,183.31			7		
Nov-05						
Dec-05		\$173,722.14	\$488,176.37		114	332



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COMMISSION

December 2, 2005

To: Honorable Beth O'Donnell

Fax: 502-564-3460

From: Gary Smith

Fax: 270-685-8052

Phone: 270-685-8024

Pages: 6

Case No. 2005-00515

Subject: Tariff Filing – Request to Extend Demand Side Management Program and Cost Recovery Mechanism

Comments: The original and three copies with will be sent via Fed-Ex for Monday morning delivery.

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE



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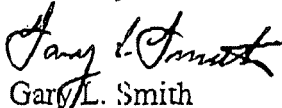
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FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 39
Cancelling
First Revised SHEET No. 39

ATMOS ENERGY CORPORATION

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DSM	
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