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March 6, 2008

Mr. Lawrence W. Cook
Mr. Paul D. Adams
Assistant Attorneys General
Office of Rate Intervention
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601

RE: Case No. 2007-00551

Dear Mr. Cook and Mr. Adams:

Atmos Energy Corporation (Company) herewith submits an original and five copies of the Company's response to the Office of Rate Intervention's supplemental data requests in the above referenced docket.

Please contact either myself at (270) 685-8024 or Len Matheny at (270) 685-8062 if you have any questions regarding the enclosed responses.

Sincerely,

A handwritten signature in cursive script that reads "Mark A. Martin".

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosures

c: Randy Hutchinson
✓ Beth O'Donnell, Public Service Commission
Alan Chambers

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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IN THE MATTER OF)
HEDGING APPLICATION OF)
ATMOS ENERGY CORPORATION)

Case No. 2007-00551

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CERTIFICATE AND AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the prepared responses attached hereto and made a part hereof, this affiant in Case No. 2007-00551, in the Matter of the Hedging Application, to the best of his knowledge and belief, are true and accurate.

Mark A. Martin

STATE OF Kentucky
COUNTY OF Daviess

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 6th day of March, 2008.

Jacqueline Sturcell
Notary Public

My Commission Expires: 11/15/2011

Attorney General's Supplemental Data Requests
Atmos Energy Corporation
Case No. 2007-00551
DR Item 1
Witness: Mark Martin

1. Refer to Atmos' Confidential Revised Response (dated February 28, 2008) to AG 1-3.
 - a. Please state whether the summary sheets presented in response to AG 1-3 were produced solely as a consequence of the Attorney General's data request in the instant matter, or whether Atmos produced them as records kept in the ordinary course of business. In other words, did these summary sheets (or any compilations of similar data) pre-exist the filing of the instant case?
 - b. Please identify (by name and title) the person(s) who produced both the original summary sheets and the revised summary sheets for October 2003, November 2003, and December 2004.
 - c. Explain, in detail, how the volumetric calculations were made.
 - d. Please provide an explanation of how and why the actual volumes of gas purchased did not appear on the original summary sheets.
 - e. Please explain for how long the error in reporting actual volumes purchased has existed (i.e., whether it continued for a certain length of time, and if so, how long).
 - (i) is the error continuing today?
 - f. Explain in full detail the ramifications of the error.
 - (i) To what extent did Atmos' accounting systems rely on the volumetric data set forth in the summary sheets?
 - (ii) Was the volumetric data set forth in the summary sheets used in any manner in the calculation of Atmos' GCA filings? If so, explain in full detail, including whether it was so used in Atmos' most recent GCA filing.
 - (iii) Was the volumetric data set forth in the summary sheets used in any manner in calculating Atmos' rates? If so, explain in full detail.
 - (iv) Does the volumetric data set forth in the summary sheets have any bearing, in any manner, on the company's accounting data, systems, and / or standards? Explain.
 - (v) Was the errant volumetric data set forth in the summary sheets reflected in the books of Atmos Energy Marketing (or any other Atmos affiliate or subsidiary) in any manner? If so, for how long? Explain the ramifications.

Response:

1a. Yes, the summary sheets pre-existed the Company's filing in this case.

1b. The original summary sheets were produced in the Company's Gas Accounting department. John Baugh (Manager of Purchase Gas Accounting) supplied the invoices for support of the revised summary sheets. Mr. Baugh sent the original summary sheets in an Excel format to Mark Martin (Vice President-Rates & Regulatory Affairs). Mr. Martin then revised the summary sheets to correct the errors.

1c. The volumes listed on the summary sheets should be the gas sales volumes from the Agent's invoices and the net value volumes from the local production invoices. The Price column on the summary sheet is calculated by dividing the dollars listed in the Amount column by the volume listed in the Volume MCF column.

1d. The misstated volumes were the result of human error. For the initial periods (October and November 2003), the summary sheets were in the early stages of development and the primary focus was to capture the dollar amounts.

1e. The Company has sampled other months and feels confident that the summary sheets appear reasonable.

1e. (i) No. The Company's Gas Supply department began producing gas cost summaries in June 2005. The Company's Rate Administration department conducts monthly reconciliations to insure that the Company's General Ledger matches the documentation provided Rate Administration by Gas Supply and Gas Accounting.

1f. (i) The Company's accounting systems did not rely on the volumetric data set forth in the summary sheets.

1f. (ii) No. The Company's GCAs are calculated using estimated costs and projected sales. No data from the summary sheets was or is used in the GCA calculation.

1f. (iii) No. The volumetric data set forth in the summary sheet is not used in any manner in calculating the Company's rates.

1f. (iv) No. The volumetric data set forth in the summary sheets have no bearing, in any manner, on the Company's accounting data, systems, and/or standards. The summary sheets were designed for internal informational purposes only and historical purchase volumes are not used in any financial calculation.

1f. (v) The Company is confident that the answer to this question is no. The Company keeps separate books and records from Atmos Energy Marketing (AEM) and any other affiliate/subsidiary. AEM and any other affiliate/subsidiary would not have access to these types of reports.

Attorney General's Supplemental Data Requests
Atmos Energy Corporation
Case No. 2007-00551
DR Item 2
Witness: Mark Martin

2. Explain why as of June, 2005 individual producer costs were not provided.

Response:

When the Gas Supply department began preparing gas cost summaries, the decision was made to exclude local production invoices. The main reason for the exclusion was that local production only represented approximately 1% of total gas purchased. Since local production was de minimis to the Company's overall portfolio, the exclusion was deemed immaterial. On a going forward basis, the Company will incorporate local production into the gas cost summaries. The change will take effect with January 2008 production.

Attorney General's Supplemental Data Requests
Atmos Energy Corporation
Case No. 2007-00551
DR Item 3
Witness: Mark Martin

3. Refer again to Atmos' Confidential Revised Response (dated February 28, 2008) to AG 1-3. Referring to invoices from individual producers / suppliers, explain why in some invoices amounts for taxes appear, but do not appear in other invoices.

Response:

The Company defers to the local producer on how the local producer wants to handle taxes. Some local producers pay their own taxes, while others prefer for the Company to take care of their taxes for them. For producers that pay their own taxes, the gross value and net value on their invoices are the same. For producers that have the Company take care of their taxes, the net value equals the gross value less the amount of taxes.

Attorney General's Supplemental Data Requests
Atmos Energy Corporation
Case No. 2007-00551
DR Item 4
Witness: Mark Martin

4. Refer again to Atmos' Confidential Revised Response (dated February 28, 2008) to AG 1-3; invoices from "Westlake CA&O." Explain why under the category labeled "Quantity Shipped" the amount is expressed in pounds, rather than in mcf. Please provide the mathematical calculation(s) to arrive at the 10,702 mcf from 456,662 lbs.

Response:

The Company buys waste gas from Westlake CA&O. The Company treats the waste gas as if it was local production. The Company has measurement equipment on all local production facilities. Westlake is the only producer that sends the Company an invoice. Due to either Westlake's billing or accounting system, their invoice can only print items in pounds rather than cubic feet. The Company's Gas Supply department receives the volume information from the measurement personnel. The Gas Supply department uses the Company's measurement reading in approving or correcting the invoice. As part of the process, the Company does not convert pounds to cubic feet.

Attorney General's Supplemental Data Requests
Atmos Energy Corporation
Case No. 2007-00551
DR Item 5
Witness: Mark Martin

5. Is Atmos confident that the other data set forth in the summary sheets and in the invoices is accurate?

Response:

Yes, the Company is confident that the other data set forth in the summary sheets and in the invoices is accurate. The invoices are verified by the Company's Gas Supply department before being submitted to Accounting for payment. As stated in response to 1e., the Company has sampled other months and feels confident that the summary sheets appear reasonable.