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The Law Offices of

**WILSON, HUTCHINSON & POTEAT**

611 Frederica Street  
Owensboro, Kentucky 42301  
Telephone (270) 926-5011  
Facsimile (270) 926-9394

William L. Wilson, Jr.  
Mark R. Hutchinson  
T. Steven Poteat  
T. Tommy Littlepage

[bill@whplawfirm.com](mailto:bill@whplawfirm.com)  
[randy@whplawfirm.com](mailto:randy@whplawfirm.com)  
[steve@whplawfirm.com](mailto:steve@whplawfirm.com)  
[ttommy@whplawfirm.com](mailto:ttommy@whplawfirm.com)

**OVERNIGHT DELIVERY**

August 19, 2008

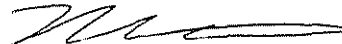
Honorable Stephanie Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
PO Box 615  
Frankfort, Kentucky 40602

RE: **Atmos Energy Corporation's Supplemental  
Responses to KPSC Initial Data Request  
Case No. 2008-00222**

Dear Ms. Stumbo:

I enclose herewith an original, plus seven (7) copies, of Atmos Energy Corporation's Supplemental Responses to the Kentucky Public Service Commission's Initial Data Request in Case No. 2008-00222 for filing in your office. Thanks.

Very truly yours,



Mark R. Hutchinson

courtesy copy: Dennis Howard

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ATMOS ENERGY CORPORATION  
KPSC INITIAL DATA REQUEST DATED  
CASE NO. 2008-00222  
DR Item 1

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WITNESS: Laurie Sherwood

1. Refer to paragraph 1 of Atmos' amendment Application ("Application"). Provide a description of the Atmos Energy Corporation Retirement Savings Plan and Trust ("RSP"). Include a discussion of how the RSP is financed or funded.

**Response:** Please see attached summary plan description. The RSP is funded through a combination of RSP participant contributions and the company match.

**Supplemental Response:** Atmos Energy's matching contributions to the RSP are made directly in the form of newly issued Atmos Energy common stock. Employee contributions to the RSP that are directed to Atmos Energy stock are used to purchase newly issued Atmos Energy common stock as well. The price for such common stock is reflective of the prevailing market price on the New York Stock Exchange at the time the new common stock is issued.



**ATMOS ENERGY CORPORATION  
KPSC INITIAL DATA REQUEST DATED  
CASE NO. 2008-00222  
DR Item 2**

**WITNESS: Laurie Sherwood**

2. The Application states in paragraph 2 that “[u]nder the terms of the RSP, Applicant will match every dollar invested by the employee in the RSP up to a maximum of 4% of the employee’s annual salary.” Does this mean Atmos will match every dollar invested only in Atmos stock? Explain.

**Response: Atmos Energy’s matching contributions are always made in Atmos Energy common stock. However, RSP participants may elect to immediately diversify these contributions into the investment options of their choice that are available in the RSP. Participants may direct their contributions to a number of different investment choices, including Atmos common stock. Regardless of a participant's choice of investment, his or her contributions are still eligible for the Company match.**



**ATMOS ENERGY CORPORATION  
KPSC INITIAL DATA REQUEST DATED  
CASE NO. 2008-00222  
DR Item 3**

**WITNESS: Laurie Sherwood**

3. Atmos has requested authority to issue up to 1,000,000 shares of common stock through and pursuant to the RSP.

- a. Provide the amount of money Atmos estimates it will generate from the issuance and explain how this amount is calculated.
- b. Based upon prior RSP offers, what is the expected level of employee purchase participation?

**Response:**

- a. **Common stock value is dictated by the market price at time of issuance. Therefore, this amount cannot be estimated. Based upon a closing stock price of \$28.02 as of March 31, 2008, the value of 1,000,000 shares was approximately \$28 million.**
- b. **Currently, 97 percent of Atmos employees participate in the Company's RSP program.**



**ATMOS ENERGY CORPORATION**  
**KPSC INITIAL DATA REQUEST DATED**  
**CASE NO. 2008-00222**  
**DR Item 4**

**WITNESS: Laurie Sherwood**

4. Using the March 31, 2008 balance sheet information provided in Exhibit B, page 6, of the Application, provide Atmos' *capital structure reflecting the estimated amount of additional common stock to be issued, as shown in the response to Item 3(a) above.*

**Response:** Please see the attached.

**Supplemental Response:** Please see attached schedule, including additional references to Atmos Energy's notes to the unaudited pro-forma condensed financial statements.



**Unaudited**  
**ATMOS ENERGY CORPORATION**  
**Statement of Actual and Pro Forma Capitalization Ratios**

(In thousands)

	Actual March 31, 2008		Total Pro Forma Amount and Percentage Including Retirement Savings Plan			
	Amount	Percentage	Adjustment		Amount	Percentage
Common stock	\$ 451	0.01%	\$ 5	(a) (c)(d)	\$ 456	0.01%
Additional paid-in capital	1,722,056	40.35%	28,015	(a)(c) (d)	1,750,071	40.74%
Retained earnings	407,464	9.55%	748	(b)(e) (f)	408,212	9.50%
Accumulated other comprehensive income	(3,978)	-0.09%	-		(3,978)	-0.09%
Total shareholders' equity	<u>\$ 2,125,993</u>	<u>49.8%</u>	<u>\$ 28,768</u>		<u>\$ 2,154,761</u>	<u>50.16%</u>
Long-term debt (including current maturities)	\$ 2,125,262	49.80%	-		\$ 2,125,262	49.47%
Short-term debt	16,100	0.38%	-		16,100	0.37%
Total debt	<u>\$ 2,141,362</u>	<u>50.2%</u>	<u>-</u>		<u>\$ 2,141,362</u>	<u>49.84%</u>
<b>TOTAL CAPITALIZATION</b>	<u><u>\$ 4,267,355</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 28,768</u></u>		<u><u>\$ 4,296,123</u></u>	<u><u>100.0%</u></u>

**ATMOS ENERGY CORPORATION**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED FINANCIAL STATEMENTS**  
**(Amounts in thousands)**

The following unaudited pro forma condensed financial statements are based on the historical accounting records for the regulated operations of Atmos Energy Corporation. These unaudited pro forma condensed financial statements reflect pro forma adjustments after giving effect to the issuance of 1 million common shares of Atmos Energy Corporation under its Retirement Savings Plan. The proceeds from this issuance will be used to fund general corporate purchases, including capital spending.

The unaudited pro forma condensed financial statements reflect pro forma adjustments that are described in the accompanying notes and are based on available information and certain assumptions we believe are reasonable but are subject to change. In our opinion, all adjustments that are necessary to present fairly the pro forma information have been made. The unaudited pro forma combined financial statements do not purport to represent what our results of operations or financial position would actually have been had this renewed short term debt been issued or to project our results of operations or financial position for any future date or period.

**Pro Forma Adjustments**

The respective pro forma adjustments are explained below beside the corresponding footnote.

- (a) Reflects a 10% return on newly acquired plant assets funded with \$28 million in proceeds received from the issuance of 1 million of Atmos Energy's common shares under its Retirement Savings Plan.
- (b) Reflects the estimated income tax effect of the pro forma income statement adjustments based upon an effective regulated income tax rate of 27.26% for the twelve months ended March 31, 2008.
- (c) Reflects the issuance of 1 million shares of Atmos Energy's common stock. The shares were issued at an assumed price of \$28.02.
- (d) For purposes of these unaudited pro forma condensed financial statements, it is assumed that the proceeds received from the issuance of the common shares of \$28 million will be applied to acquire new property, plant and equipment.
- (e) Reflects the revenue generated from the 10% return on the incremental capital investment, partially offset by pro forma dividend payments of \$1.3 million.
- (f) Reflects the effect of the net income arising from the pro forma adjustments, partially offset by pro forma dividends of \$1.3 million.



**ATMOS ENERGY CORPORATION  
KPSC INITIAL DATA REQUEST DATED  
CASE NO. 2008-00222**

**DR Item 5**

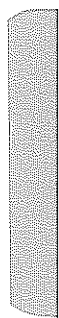
**WITNESS: Laurie Sherwood**

5. Paragraph 3 of the Application states that Atmos will use the funds generated from the stock issuance to fund its capital expenditures, reduce debt, improve its capitalization ration and preserve its credit ratings.

- c. Provide a list of capital expenditures Atmos plans to finance using the funds generated by the stock issuance.
- d. Provide a listing of the debt instruments Atmos plans to retire using the funds generated by the stock issuance.
- e. Provide the amount of the funds generated from the issuance that is expected to be used for the company match under the RSP.

**Response:**

**The proceeds from these issuances are not specifically ear-marked for a specific project purpose. Rather, they will be deposited into the Company's general cash accounts and will be used for general corporate purposes, which include funding capital expenditures, reducing debt (primarily short-term debt) and providing for other working capital needs.**



**ATMOS ENERGY CORPORATION  
KPSC INITIAL DATA REQUEST DATED  
CASE NO. 2008-00222  
DR Item 6**

**WITNESS: Laurie Sherwood**

6. Refer to Exhibit B of the Application, pages 1 and 2. Regarding Atmos' first mortgage bond, it states that "the Series P, first mortgage bond will be repaid on May 30, 2008." Was the series repaid on May 30, 2008? If not, explain why.

**Response: Yes, the Series P was repaid on May 30, 2008.**



**ATMOS ENERGY CORPORATION  
KPSC INITIAL DATA REQUEST DATED  
CASE NO. 2008-00222  
DR Item 7**

**WITNESS: Laurie Sherwood**

7. Provide the following information for the three previous common stock issuances through the RSP

- f. The period of time over which the common stock was issued.
- g. The maximum number of shares of common stock that could be issued.
- h. The actual number of shares of common stock that were issued.
- i. The total amount of funds raised by the issuance.

**Response:**

Since 2000, the Company has requested authorization to issue up to 1,000,000 shares of common stock into the RSP two times: once in 2000 and once in 2006. These shares are issued from the company into the RSP, either through participant purchases or company contributions. These issuances are made as employee contributions and the company match is funded into the RSP, which is typically once every two weeks. From October 1, 2000 through September 30, 2007, the Company has issued approximately 2.5 million shares into the RSP for participant purchases and company contributions. The gross proceeds received approximated \$65.4 million.

**Supplemental Response:** There were actually three previous authorizations to issue stock into the RSP which occurred in 2000 (Docket No. 2000-00539), 2003 (Docket No. 2003-000475) and 2006 (Docket No. 2006-00180). In each case, the authorization granted was for up to 1,000,000 shares.