



July 28, 2010

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PUBLIC SERVICE  
COMMISSION

Honorable Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602

Subject: Case No. 2010-00146

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original and ten copies of the Company's responses to the Initial Data Requests of Interstate Gas Supply, Inc., Southstar Energy Services, LLC and Vectren Source in the above referenced case.

Please feel free to contact me at 270.685.8024 if you have any questions and/or need any additional information.

Sincerely,

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

Mark A. Martin  
Vice President, Rates & Regulatory Affairs

Enclosure

cc: Service List

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Atmos Energy Corporation  
IGS, SouthStar and Vectren Source  
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Case No. 2010-00146  
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1. In preparing your testimony, please identify with whom you discussed the issue of retail competition.

RESPONSE: The preparation of my testimony was discussed with my supervisor, other Company personnel, outside counsel, and an outside consultant.

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2. Did Atmos have a meeting of the Board of Directors at which Atmos adopted its position that retail choice should not be mandated for LDC's?

RESPONSE: No.

- a. If so, please produce any board meeting notes or any other documents in Atmos' possession in regards to its position?

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3. Did you personally attend meetings at which Atmos adopted its position that LDC's should not be mandated to allow retail choice?

RESPONSE: Atmos Energy Corporation does not have a position in regards to retail choice and did not conduct meetings related to such topic. The Company's position was determined at a divisional level amongst divisional leadership.

- a. Additionally, please identify at what level of Atmos corporation the decision was made, what individuals rendered the decision and what facts they relied on rendering the decision?

RESPONSE: Kentucky is part of the Kentucky/Mid-States Division (KMD) of Atmos Energy Corporation. Georgia and Illinois are also a part of KMD. As stated above, divisional leadership rendered its decision on the Company's position. The Company's position was determined after reviewing facts published by EIA as well as the Company's knowledge of retail choice programs offered in Georgia, Illinois and Kentucky.

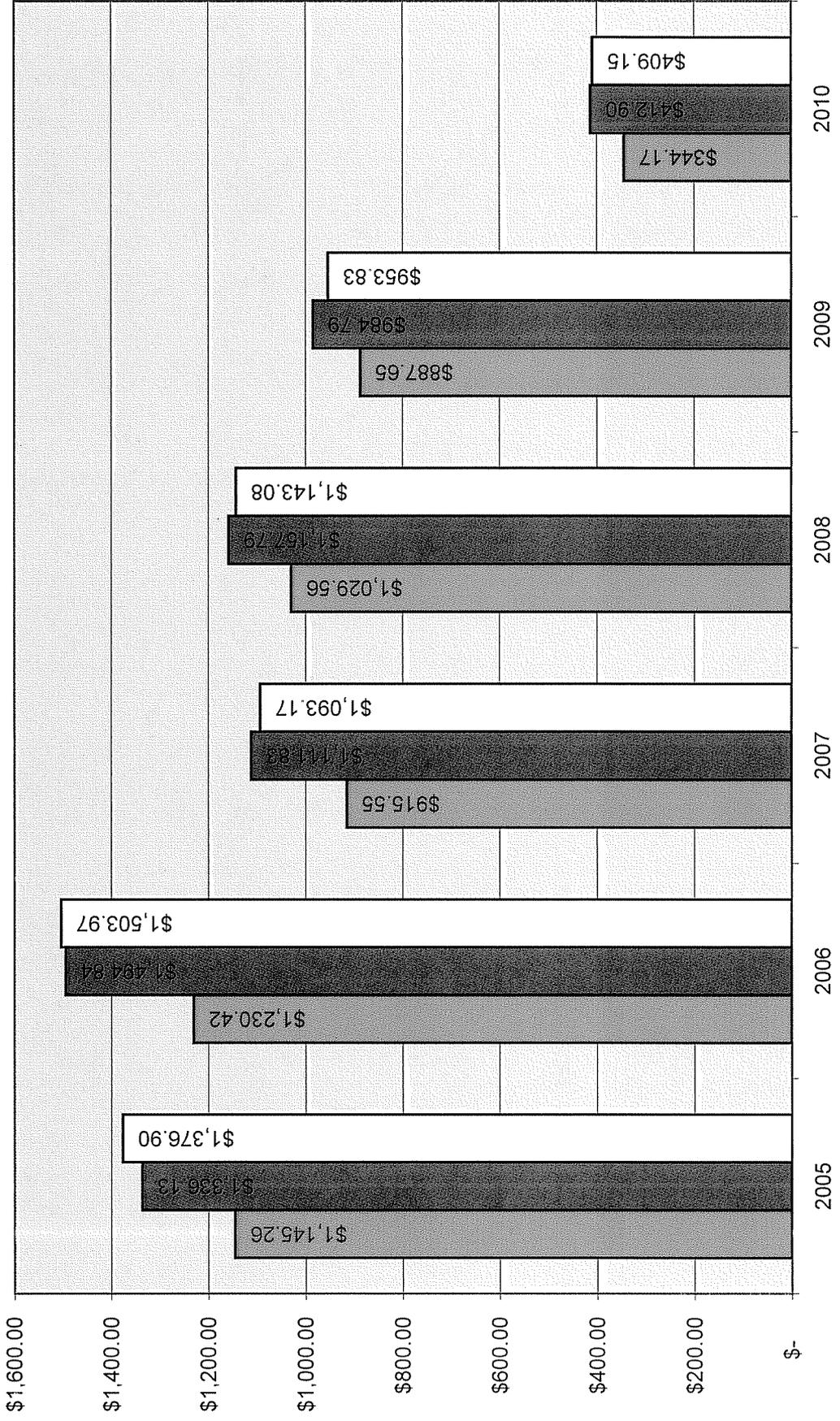
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4. Please provide copies of all work papers or data used to complete your testimony.

RESPONSE: Attached are two schedules as referenced on lines 16-22 of page 14 of my testimony. The schedules are bar charts which compare the Company's prices in Georgia with Georgia Natural Gas (GNG) and SCANA. The Company compared its prices with both the fixed and variable price options offered by those respective companies. The Company chose to compare its prices with GNG and SCANA since both marketers have a long history in Georgia and have a large market share. When comparing Atmos' prices with the larger marketer's prices for calendar years 2005 through current, the marketer's rates were always higher on an annual basis. Also, the Company used data available on public websites as well as direct experience to formulate its stated positions.

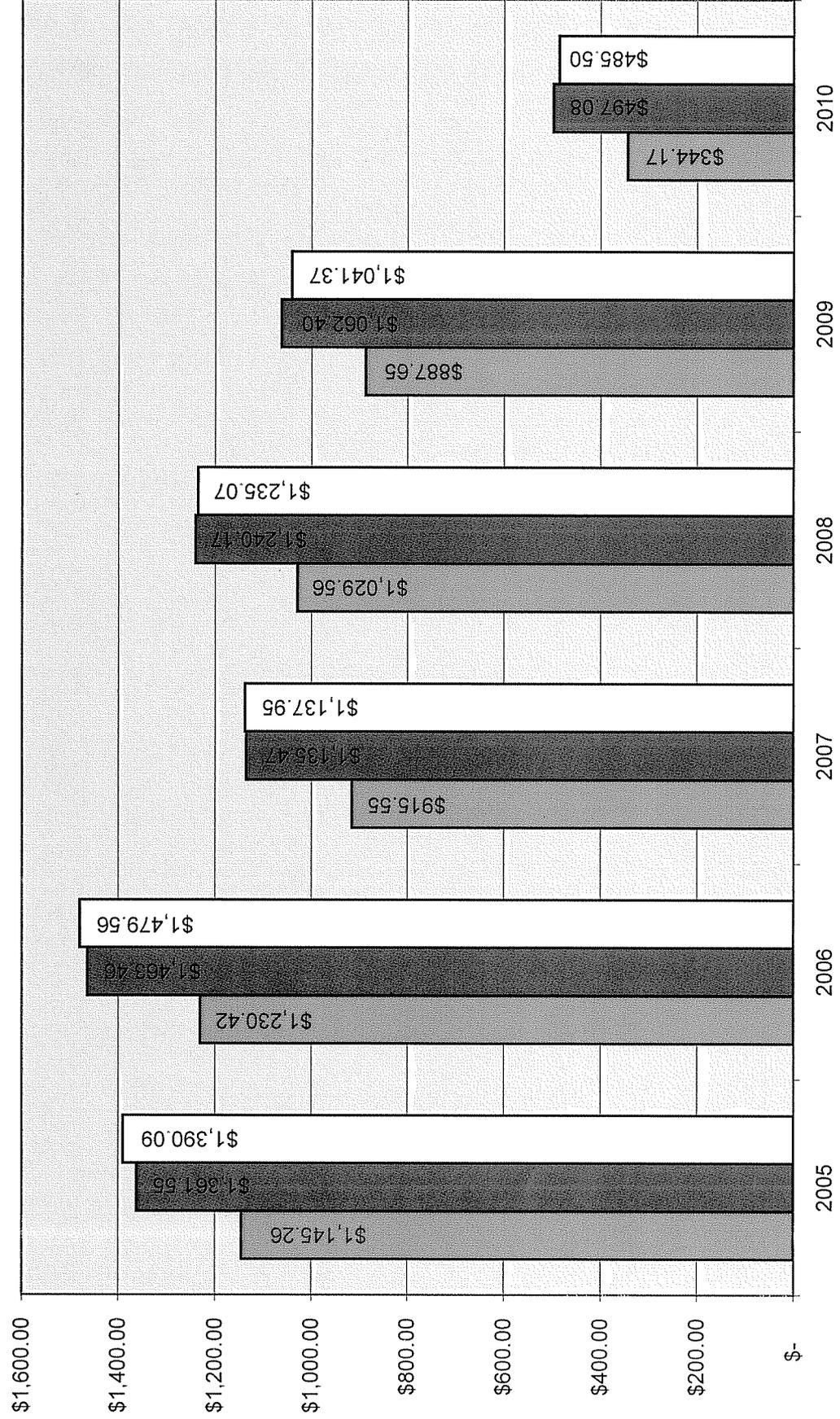
# Annual Fixed Costs 2005 - March 2010

Atmos
  GNG
  Scana



# Annual Variable Costs 2005 - March 2010

Atmos
  GNG
  Scana



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5. What studies, evidence or documents did Atmos rely upon in determining its position? Please produce copies of these documents, if any.

RESPONSE: Please refer to the Company's response to Question 4.

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6. Please provide copies of all work papers or data used to complete your testimony.

RESPONSE: Please refer to the Company's response to Question 4.

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7. Please refer to page 11, line 28, where you indicate that, “school tax revenues may also be negatively impacted by retail choice programs.” Please provide what statute, regulation, document or evidence supports this allegation.

RESPONSE: School tax revenues are determined as a percentage of the Company’s gross revenues. Under a retail choice program, the Company could not assess the school tax on the gas cost portion of gross revenues attributable to choice customers. Therefore, school tax revenues would decrease which would be a negative impact to the respective school systems as a result of retail choice.

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8. Please explain and reconcile Atmos' position in this proceeding with the fact that an Atmos' affiliate company engages in retail gas marketing in other utility markets.

RESPONSE: Atmos Energy Marketing, LLC (AEM) engages in retail gas marketing to large industrial and commercial customers. AEM does not participate in retail gas marketing to residential and smaller industrial/commercial customers.

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9. Please refer to 14, line 24 of your testimony where you discuss the Catalyst bankruptcy in Georgia. Please submit and explain whether you are aware of any service disruptions to Catalyst customers as a result of the bankruptcy of Catalyst to its customers.

RESPONSE: Please refer to lines 27-29 on page 14 of the Company's testimony which states "Fortunately, Catalyst worked with the GPSC as well as AGLC to make sure that gas service to their customers was not interrupted."

- a. Are you aware of steps that the Georgia Commission has taken in the event of any future bankruptcies of marketers (e.g. adopting a new methodology of the marketer true-up process to address the mismatch between allocated and actual gas use)? If so, please explain.

RESPONSE: The Company is aware that the Georgia Public Service Commission as well as the Georgia Legislature has made numerous changes to ensure protections of gas customers. Unfortunately, these customers have had to learn the hard way while also paying higher prices.

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10. Please explain the details, including any sharing ratios, of any current performance based regulation (PBR) of which Atmos is subject in Kentucky, if any?

RESPONSE: Please refer to pages 26 through 37 of the Company's Kentucky tariff which discusses the details of the Company's PBR program.