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COMMISSION

October 22, 2010

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

Subject: Case No. 2010-00353

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original and ten copies of the Company's responses to the Initial Information Requests of the Commission Staff 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 black ink that reads "Mark A. Martin".

Mark A. Martin  
Vice President, Rates & Regulatory Affairs

Enclosure

cc: Randy Hutchinson  
Becky Buchanan

COMMONWEALTH OF KENTUCKY  
BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

REQUEST OF ATMOS ENERGY CORPORATION	)	
FOR MODIFICATION AND EXTENSION OF	)	
ITS GAS COST ADJUSTMENT	)	CASE NO.
PERFORMANCE-BASED RATE-MAKING	)	2010-00353
MECHANISM	)	

**PETITION FOR CONFIDENTIALITY OF INFORMATION**  
**BEING FILED WITH THE KENTUCKY PUBLIC SERVICE COMMISSION**

Atmos Energy Corporation (“Atmos”) respectfully petitions the Kentucky Public Service Commission (“Commission”) pursuant to 807 KAR 5:001 Section 7 and all other applicable law, for confidential treatment of the information described below. In support of this Petition, Atmos states as follows:

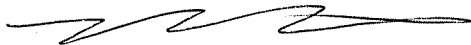
1. Atmos is filing certain information with the Commission as attachments to its response to KPSC Initial Data Request #1, dated October 12, 2010. These attachments contain information which require confidential treatment. The attachments contain the actual prices Atmos is paying for natural gas to its suppliers and/or information from which the actual price being paid by Atmos for natural gas to its supplier can be determined.
2. Information of the type described above has previously been filed by Atmos with the Commission under petitions for confidentiality. The Commission has consistently granted confidential protection to this type of information in all prior filings with the Commission.

3. All of the information sought to be protected herein as confidential, if publicly disclosed, would have serious adverse consequences to Atmos and its customers. Public disclosure of this information would impose an unfair commercial disadvantage on Atmos. Atmos has successfully negotiated an extremely advantageous gas supply contract that is very beneficial to Atmos and its ratepayers. Detailed information concerning that contract, including commodity costs, demand and transportation charges, reservations fees, etc. on specifically identified pipelines, if made available to Atmos' competitors, (including specifically nonregulated gas marketers), would clearly put Atmos to an unfair commercial disadvantage. Those competitors for gas supply would be able to gain information that is otherwise confidential about Atmos' gas purchases and transportation costs and strategies. The Commission has accordingly granted confidential protection to such information in the past.
4. Atmos would not, as a matter of company policy, disclose any of the information for which confidential protection is sought herein to any person or entity, except as required by law or pursuant to a court order or subpoena. Atmos' internal practices and policies are directed towards non-disclosure of the attached information. In fact, the information contained in the attached report is not disclosed to any personnel of Atmos except those who need to know in order to discharge their responsibility. Atmos has never disclosed such information publicly. This information is not customarily disclosed to the public and is generally recognized as confidential and proprietary in the industry.

5. There is no significant interest in public disclosure of the attached information. Any public interest in favor of disclosure of the information is outweighed by the competitive interest in keeping the information confidential.
6. The attached information is also entitled to confidential treatment because it constitutes a trade secret under the two prong test of KRS 265.880: (a) the economic value of the information as derived by not being readily ascertainable by other persons who might obtain economic value by its disclosure; and, (b) the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The economic value of the information is derived by Atmos maintaining the confidentiality of the information since competitors and entities with whom Atmos transacts business could obtain economic value by its disclosure.
7. Pursuant to KAR 5:001 Section 7(3) temporary confidentiality of the attached information should be maintained until the Commission enters an order as to this petition. Once the order regarding confidentiality has been issued, Atmos would have twenty (20) days to seek alternative remedies pursuant to 807 KAR 5:001 Section 7(4).

WHEREFORE, Atmos petitions the Commission to treat as confidential all of the material and information which is included in the attached one volume marked "Confidential".

Respectfully submitted this 22 day of October, 2010.



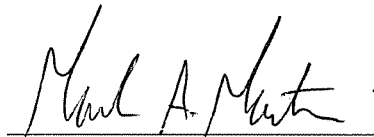
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Mark R. Hutchinson  
611 Frederica Street  
Owensboro, Kentucky 42301

Douglas Walther  
ATMOS ENERGY CORPORATION  
PO Box 650250  
Dallas, Texas 75265

### VERIFICATION

I, Mark A. Martin, being duly sworn under oath state that I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Midstates Division, and that the statements contained in the foregoing Petition are true as I verily believe.

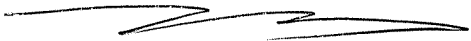


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Mark A. Martin

### CERTIFICATE OF SERVICE

I hereby certify that on the 22 day of October, 2010 the original of this Petition, with the Confidential Information for which confidential treatment is sought, together with ten (10) copies of the Petition without the confidential information, were filed with the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40206.

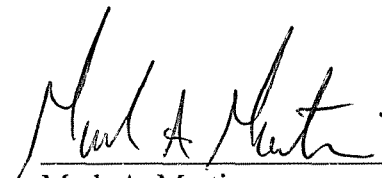


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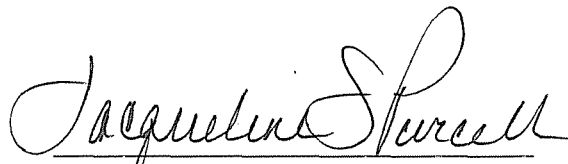
Mark R. Hutchinson

**VERIFICATION**

I, Mark A. Martin, being duly sworn under oath state that I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Mid-States Division, and that the statements contained herein are true and correct as I verily believe.

  
\_\_\_\_\_  
Mark A. Martin

SUBSCRIBED AND SWORN TO before me, a notary public in and for the Commonwealth of Kentucky, by Mark A. Martin, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, Kentucky/Mid-States Division, on this 22<sup>nd</sup> day of October 2010.

  
\_\_\_\_\_  
Notary Public

Expiration date 11/15/2011

Atmos Energy Corporation  
KPSC Initial Data Request Dated October 12, 2010  
Case No. 2010-00353  
Witness: Mark A. Martin

1. Provide, for three of the 12 most recent calendar months, illustrative calculations using actual published indices to show the effect of eliminating Natural Gas Week and Gas Daily indices from baseload calculations as proposed by Atmos.

Response: Please see attachments. Please note that all attachments related to this response are CONFIDENTIAL in nature.

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2. Explain why Atmos believes the proposed elimination of two indices will be well-received by potential vendors and whether it has received complaints concerning the existing indices.

Response: The Company proposed the elimination of two indices since neither index pertains directly to first-of-month or base load purchases. The Company believes that the proposed changes will be well received by potential vendors. The Company does not anticipate any vendor concerns over the proposed first of month base load pricing being calculated using the average of two indices, NYMEX and Inside FERC, as opposed to the four indices currently used. The proposed "two indices" basket pricing would be prospective, and included with the upcoming KY Request for Proposal for Gas Supply and Asset Management. The proposal would not impact the current contract for supply and asset management. Since all potential suppliers will receive the same RFP pricing guidelines, there should be no concerns that one party has a price advantage over another. Currently in Atmos' KY/Mid-States Division, the first of month base load pricing in jurisdictions other than KY are as follows:

IL - (for all pipeline areas except MRT) single index: Inside FERC ("IFERC")

IL - (for MRT) single index: Natural Gas Institute ("NGI")

TN & VA - basket of three indices: IFERC, NGI, NYMEX

IA - single index: IFERC

MO - (for all pipeline areas except MRT) single index: IFERC

MO - (for MRT) single index: NGI

GA - single index: IFERC

Of the seven states in Atmos' KY/Mid-States Division, Kentucky is the only jurisdiction in which Atmos' first of month base load pricing includes Gas Daily ("GD") and Natural Gas Week ("NGW"). The Company is not aware of any complaints in regards to the existing indices.



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3. Explain whether there are other indices that could be substituted for the two proposed to be eliminated that would be more relevant in calculating the benchmarks for the Supply Area Index factor for Base Load and the Delivery Area Index factor for Base Load.

Response: The Company is unaware of any other indices that could be substituted for the two proposed to be eliminated that would be more relevant in calculating the benchmarks. Please refer to the response in #2 above. As evidenced by the pricing in other states, there is no need for additional indices within the first of month base load pricing for Kentucky.

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4. Refer to Tab 4, page 3 of the application. Did Atmos intend that the second text change (T) indicated on Tariff page P.S.C. No. 1, Third Revised Sheet No. 30 Canceling Second Revised Sheet No. 30 should indicate New York Mercantile Exchange rather than Gas Daily?

Response: No, however on further review, the Company agrees that a New York Mercantile Exchange rate would be more appropriate than a Gas Daily rate for the referenced tariff section. Initially, the Company only proposed to delete the Natural Gas Week rate from the calculation, but we appreciate Staff pointing out the Gas Daily reference.