

CASE

NUMBER:

99-070

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 151
Witness: Gary Smith

Data Request:

151. Please provide workpapers showing the calculation of the Base Load (BL) for each separate billing classification to which a WNA factor would have applied had the WNA been in effect during the winter of 1998-99.

Response:

Pursuant to this request, Western calculated the Base Load (BL) for each billing classification for the winter of 1998-99. The annual computation of the class BL and heating sensitive factors (HSF) closely parallels the process utilized for the weather normalization adjustment, set forth in EXHIBIT GLS-4, in Volume 2 of 10, Tab 11 of the Application. For this analysis, however, the billing data is updated to reflect the 12-months ending August 31, 1998 (EXHIBIT GLS-4 was based on the fiscal year ending September 30, 1998). If the WNA had been in effect for the winter of 1998-99, this computation would have been completed prior to November 1, 1998.

Attached hereto, as Schedule AG DR No. 1, DR Item 151, are the workpapers calculating the BL factor that would have been utilized for a WNA in the winter of 1998-99.

Western Kentucky Gas Company
Calculation of Base Load Factor Applicable for Winter 1998-99
For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	Month	No. of Customers	Actual Volumes	Pro-Forma Adjustments	Pro-Forma Volumes	Calculated Base Load (BL)
	(a)	(b)	(c)	(d)	(e)	(f)
1	<u>Residential - Class 1 Rate 1</u>					
2						
3	Jul-98	153,621	250,082	0	250,082	
4	Aug-98	153,212	223,798	0	223,798	
5	Total	306,833	473,880	0	473,880	
6						
7	Base Load, per customer per month -					
8	Column e, line 5 divided by column b, line 5, BL(res) =					<u>1.5444</u>
9						
10	<u>Commercial - Class 2 Rate 1</u>					
11						
12	Jul-98	17,330	99,957	(8,858)	91,099	
13	Aug-98	17,179	165,860	(5,931)	159,929	
14	Total	34,509	265,817	(14,789)	251,028	
15						
16	Base Load, per customer per month -					
17	Column e, line 14 divided by column b, line 14, BL(com) =					<u>7.2743</u>
18						
19	<u>Public Authority - Class 4 Rate 1</u>					
20						
21	Jul-98	1,559	37,975	0	37,975	
22	Aug-98	1,559	27,827	0	27,827	
23	Total	3,118	65,802	0	65,802	
24						
25	Base Load, per customer per month -					
26	Column e, line 23 divided by column b, line 23, BL(PA) =					<u>21.1039</u>
27						
28	Note: Pro-forma adjustments reflect commercial customer contract changes from G-1 sales.					

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 152
Witness: Gary Smith

Data Request:

152. Please provide workpapers showing the calculation of the heat sensitive factor (HSF) for each separate billing classification to which a WNA factor would have applied had the WNA been in effect during the winter of 1998-99.

Response:

Pursuant to this request, Western calculated the Heat Sensitive Factor (HSF) for each billing classification for the winter of 1998-99. The annual computation of the class base load (BL) and HSF closely parallels the process utilized for the weather normalization adjustment, set forth in EXHIBIT GLS-4, in Volume 2 of 10, Tab 11 of the Application. For this analysis, however, the billing data is updated to reflect the 12-months ending August 31, 1998 (EXHIBIT GLS-4 was based on the fiscal year ending September 30, 1998). If the WNA had been in effect for the winter of 1998-99, this computation would have been completed prior to November 1, 1998.

Attached hereto, as Schedule AG DR No. 1, DR Item 152, are the workpapers calculating the HSF factor that would have been utilized for a WNA in the winter of 1998-99.

Western Kentucky Gas Company
Calculation of Heating Sensitive Factor Applicable for Winter 1998-99
For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	Month	Lagged Actual Degree-Days (See Sheet 4)	Calculated Base Load (BL)	No. of Customers	Total Class		Class Heating Load (Col f - Col e)	Average HL per Cust. (Col g / Col d)
					(a)	(b)		
<u>Residential - Class 1 Rate 1</u>								
1	Sep-97	9.0	1.5444	149,685	231,177	251,199	20,022	0.13
2	Oct-97	151.0	1.5444	150,484	232,411	325,214	92,803	0.62
3	Nov-97	471.0	1.5444	153,862	237,628	1,179,797	942,170	6.12
4	Dec-97	761.0	1.5444	155,921	240,808	2,019,864	1,779,056	11.41
5	Jan-98	796.0	1.5444	156,448	241,622	2,258,954	2,017,332	12.89
6	Feb-98	661.0	1.5444	156,450	241,625	2,090,356	1,848,731	11.82
7	Mar-98	583.5	1.5444	156,963	242,417	1,796,088	1,553,671	9.90
8	Apr-98	420.0	1.5444	156,414	241,569	1,242,796	1,001,227	6.40
9	May-98	148.0	1.5444	155,280	239,818	642,746	402,928	2.59
10	Jun-98	21.0	1.5444	154,408	238,471	290,969	52,498	0.34
11	Jul-98	6.5	1.5444	153,621	237,256	250,082	12,826	0.08
12	Aug-98	0.0	1.5444	153,212	236,624	223,798	(12,826)	(0.08)
13								
14	Total	4,028.0			2,861,424	12,571,863	9,710,439	62.23
15								
16	Heating Sensitive Factor, per customer per degree-day -							
17	Column h, line 14 divided by column b, line 14, HSF(res) = <u>0.0154</u>							

Western Kentucky Gas Company
Calculation of Heating Sensitive Factor Applicable for Winter 1998-99
For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	Month	Lagged Actual Degree-Days (See Sheet 4)	Calculated Base Load (BL)	No. of Customers	Total Class		Pro-forma Adjustments	Pro-forma Volumes	Class Heating Load	Average HL per Cust.
					Base Load (Col c x Col d)	Actual Volumes (Col f)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
<u>Commercial - Class 1 Rate 1</u>										
1	Sep-97	9.0	7.2743	16,752	121,859	165,944	(11,988)	153,956	32,097	1.92
2	Oct-97	151.0	7.2743	16,851	122,579	238,606	(20,634)	217,972	95,393	5.66
3	Nov-97	471.0	7.2743	17,419	126,711	488,372	(27,631)	460,741	334,031	19.18
4	Dec-97	761.0	7.2743	17,783	129,358	819,634	(26,042)	793,592	664,234	37.35
5	Jan-98	796.0	7.2743	17,846	129,817	862,007	(22,706)	839,301	709,484	39.76
6	Feb-98	661.0	7.2743	17,444	126,892	799,253	(21,545)	777,708	650,815	37.31
7	Mar-98	583.5	7.2743	17,948	130,559	689,334	(23,525)	665,809	535,250	29.82
8	Apr-98	420.0	7.2743	17,900	130,209	460,204	(21,805)	438,398	308,189	17.22
9	May-98	148.0	7.2743	17,723	128,922	256,557	(10,466)	246,091	117,169	6.61
10	Jun-98	21.0	7.2743	17,480	127,154	205,941	(8,131)	197,809	70,655	4.04
11	Jul-98	6.5	7.2743	17,330	126,063	99,957	(8,858)	91,099	(34,965)	(2.02)
12	Aug-98	0.0	7.2743	17,179	124,965	165,860	(5,931)	159,929	34,965	2.04
13										
14	Total	4,028.0			1,525,088	5,251,667	(209,261)	5,042,405	3,517,318	198.88
15										
16										
17										
18										
19										

Heating Sensitive Factor, per customer per degree-day -
Column j, line 14 divided by column b, line 14, HSF(com) =

0.0494

Note: Pro-forma adjustments reflect commercial customer contract changes from G-1 sales.

Western Kentucky Gas Company
Calculation of Heating Sensitive Factor Applicable for Winter 1998-99
For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	Month	Lagged Actual Degree-Days (See Sheet 4)	Calculated Base Load (BL)	No. of Customers	Total Class		Class Heating Load	Average HL per Cust.
					(Col c x Col d)	(Col f - Col e)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<u>Public Authority - Class 4 Rate 1</u>								
1	Sep-97	9.0	21.1039	1,556	32,838	37,564	4,726	3.04
2	Oct-97	151.0	21.1039	1,569	33,112	48,093	14,981	9.55
3	Nov-97	471.0	21.1039	1,566	33,049	133,390	100,341	64.07
4	Dec-97	761.0	21.1039	1,576	33,260	229,697	196,437	124.64
5	Jan-98	796.0	21.1039	1,576	33,260	263,415	230,155	146.04
6	Feb-98	661.0	21.1039	1,570	33,133	209,813	176,680	112.54
7	Mar-98	583.5	21.1039	1,589	33,534	199,038	165,504	104.16
8	Apr-98	420.0	21.1039	1,586	33,471	133,783	100,312	63.25
9	May-98	148.0	21.1039	1,585	33,450	69,848	36,399	22.96
10	Jun-98	21.0	21.1039	1,575	33,239	38,363	5,124	3.25
11	Jul-98	6.5	21.1039	1,559	32,901	37,975	5,074	3.25
12	Aug-98	0.0	21.1039	1,559	32,901	27,827	(5,074)	(3.25)
13								
14	Total	4,028.0			398,147	1,428,806	1,030,659	653.50
15								
16	Heating Sensitive Factor, per customer per degree-day -							
17	Column h, line 14 divided by column b, line 14, HSF(PA) = <u>0.1622</u>							

Western Kentucky Gas Company
 Calculation of Heating Sensitive Factor Applicable for Winter 1998-99
 For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	(a)	NOAA Station				Actual Degree Days [1] (g)	Lagged Actual 50% Prior Mo. DDays [2] (h)
		(b)	(c)	(d)	(e)		
		Lexington	Louisville	Paducah	Evansville	Nashville	
1	Aug-97	3	0	0	0	0	0
2	Sep-97	39	9	18	24	0	18
3	Oct-97	321	263	292	300	227	284
4	Nov-97	698	621	670	692	576	658
5	Dec-97	904	854	860	922	785	864
6	Jan-98	745	696	750	786	622	728
7	Feb-98	666	594	577	635	527	594
8	Mar-98	614	561	576	604	505	573
9	Apr-98	331	261	255	301	209	267
10	May-98	46	27	26	30	19	29
11	Jun-98	24	15	9	20	5	13
12	Jul-98	0	0	0	0	0	0
13	Aug-98	0	0	0	0	0	0
14							
15	Weighting	15.61%	2.80%	37.92%	22.22%	21.44%	4,028

[1] Weighted per percentages below.

[2] Average of current month and immediately previous month.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 153
Witness: Gary Smith

Data Request:

153. Please provide workpapers showing the calculation of the weighted average rate (R) of temperature sensitive sales for each separate billing classification to which a WNA factor would have applied had the WNA been in effect during the winter of 1998-99. Show the calculation at both present and proposed rates.

Response:

Pursuant to this request, Western has calculated the weighted average rate (R) for each billing classification for the winter of 1998-99. The calculation is shown both with current and proposed margins (distribution charges) per mcf.

This calculation is attached hereto, as Schedule AG DR No. 1, DR Item 153.

Western Kentucky Gas Company
Calculation of Weighted Average Rate (R) Applicable for Winter 1998-99
For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	G-1 Sales by Billing Block ending 8/31/98	Volumes (12 months ending 8/31/98)	Pro-Forma Adjustments	Pro-Forma Volumes	Current Margin per Mcf (Col d x Col e)	Current Margin (Col d x Col e)	Proposed Margin per Mcf (Col d x Col h)	Proposed Margin (Col d x Col h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	<u>Residential - Class 1 Rate 1</u>							
2	0-300 Mcf/month	12,571,863	0	12,571,863	1.0615	13,345,032	1.2000	16,014,039
3	Next 14,700 Mcf/month	0	0	0	0.5585	0	0.6946	0
4	Over 15,000 Mcf/month	0	0	0	0.4085	0	0.4299	0
5	Total	12,571,863	0	12,571,863		13,345,032		16,014,039
6								
7	<u>Weighted Average Rate (R) -</u>							
8	<u>Current Rates</u> - Column f, line 6 divided by column d, line 6, R (res) =					1.0615		1.2738
9	<u>Proposed Rates</u> - Column h, line 6 divided by column d, line 6, R (res) =							
10								
11	<u>Commercial - Class 2 Rate 1</u>							
12	0-300 Mcf/month	4,477,074	(33,036)	4,444,038	1.0615	4,717,346	1.2000	5,660,816
13	Next 14,700 Mcf/month	774,593	(176,225)	598,367	0.5585	334,188	0.6946	232,127
14	Over 15,000 Mcf/month	0	0	0	0.4085	0	0.4299	0
15	Total	5,251,667	(209,261)	5,042,405		5,051,535		5,892,943
16								
17	<u>Weighted Average Rate (R) -</u>							
18	<u>Current Rates</u> - Column f, line 15 divided by column d, line 15, R (com) =					1.0018		1.1687
19	<u>Proposed Rates</u> - Column h, line 15 divided by column d, line 15, R (com) =							
20								
21	<u>Public Authority - Class 4 Rate 1</u>							
22	0-300 Mcf/month	1,033,686	0	1,033,686	1.0615	1,097,258	1.2000	1,316,709
23	Next 14,700 Mcf/month	395,120	0	395,120	0.5585	220,674	0.6946	153,280
24	Over 15,000 Mcf/month	0	0	0	0.4085	0	0.4299	0
25	Total	1,428,806	0	1,428,806		1,317,932		1,469,990
26								
27	<u>Weighted Average Rate (R) -</u>							
28	<u>Current Rates</u> - Column f, line 25 divided by column d, line 25, R (PA) =					0.9224		1.0288
29	<u>Proposed Rates</u> - Column h, line 25 divided by column d, line 25, R (PA) =							

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 154
Witness: Gary Smith

Data Request:

154. Please indicate whether it is correct that the same WNA factor would apply to all customers within a given billing classification regardless of their individual usage or other characteristics. If not, please explain.

Response:

That is correct. Also, it should be noted that the WNA is calculated for each individual billing cycle.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 155
Witness: Gary Smith

Data Request:

155. Please indicate whether it is correct that the WNA factor will apply to all consumption of each customer in a given month. If not, please explain how the WNA factor will be applied.

Response:

Yes, for those customers to whom the WNA applies, the WNA factor will be applied to the distribution charge applicable to all consumption during the month.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 156
Witness: Gary Smith

Data Request:

156. Please state whether the Company has prepared a "backcast" or similar analysis showing the affect which the WNA would have had on monthly revenues during the winter of 1998-99, had it been in place. If yes, please provide a copy of the analysis including all workpapers and supporting documentation. If not, please explain why not and explain how the company verified the reasonableness and accuracy of its proposed WNA.

Response:

The Company did "test" the composite degree-day methodology employed in the WNA proposal. Those analyses, consisting of a nine-year customer class volume normalization, are described in the response to this Initial AG Data Request, Item 147.

The Company, however, did not conduct a "backcast" or similar analysis of the affect which the WNA would have had on monthly revenues had it been in place. Western recognized that testing the validity of weather stations, and the computation of volumes affected by weather variances was necessary, and unique to our service area. However, Western felt that tests of the reasonableness of the WNA formula, and its affect on revenues, was unnecessary since this formula is utilized in other Atmos jurisdictions, by United Cites Gas Company. Please refer to the responses to this Initial AG Data Request, Items 158 and 159 regarding those programs utilized by United Cities, on which Western's WNA was based.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 157
Witness: Gary Smith

Data Request:

157. For each billing classification to which a WNA factor would have applied had the WNA been effect during the winter of 1998-99, please provide comparison of the actual consumption in each month versus the amount predicted by the formula $(BL + (HSF \times ADD))$ included in the company's WNA factor.

Response:

Pursuant to this request, Western has compared the actual monthly deliveries residential, commercial and public authority G-1 sales to the calculation of $BL + (HSF \times ADD)$. Refer to the response to this Initial AG DR No. 1, Item 151 for the calculation of the BL factor. The HSF factor is calculated in response to Item 152 of this Data Request.

The requested calculation is attached hereto, as Schedule AG DR No. 1, DR Item 157. Actual degree-days for the winter period are provided on Sheet 2 of 2 of this Schedule.

Western Kentucky Gas Company
Calculation of BL + (HSF x ADD), by month, for Winter 1998-99
For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	Month (a)	Lagged Actual Degree-Days (See Sheet 4) (b)	Calculated Base Load (BL) (c)	No. of Customers (d)	Total Class Base Load (Col c x Col d) (e)	Calculated Heat Load (HL) (f)	Class Heating Load (Col b x Col f x Col d) (g)	Total BL + (HL x ADD) (Col g / Col d) (h)	Actual Volumes (i)
1	<u>Residential - Class 1 Rate 1</u>								
2	Nov-98	304.5	1.5444	155,134	239,589	0.0154	727,470	967,059	749,443
3	Dec-98	598.5	1.5444	156,973	242,429	0.0154	1,446,804	1,689,234	1,290,062
4	Jan-99	793.5	1.5444	158,276	244,441	0.0154	1,934,117	2,178,558	2,701,698
5	Feb-99	720.0	1.5444	158,684	245,072	0.0154	1,759,488	2,004,560	1,877,477
6	Mar-99	640.0	1.5444	158,829	245,296	0.0154	1,565,419	1,810,714	1,974,343
7	Apr-99	429.5	1.5444	158,179	244,292	0.0154	1,046,243	1,290,535	1,340,638
8									
9								9,940,660	9,933,660
10									
11	<u>Commercial - Class 2 Rate 1</u>								
12	Nov-98	304.5	7.2743	17,549	127,657	0.0494	263,977	391,634	290,723
13	Dec-98	598.5	7.2743	17,821	129,635	0.0494	526,894	656,529	488,351
14	Jan-99	793.5	7.2743	18,040	131,228	0.0494	707,148	838,377	1,039,796
15	Feb-99	720.0	7.2743	18,116	131,781	0.0494	644,350	776,131	714,437
16	Mar-99	640.0	7.2743	18,109	131,730	0.0494	572,534	704,264	753,052
17	Apr-99	429.5	7.2743	18,058	131,359	0.0494	383,142	514,501	482,489
18									
19								3,881,437	3,768,849
20									
21	<u>Public Authority - Class 4 Rate 1</u>								
22	Nov-98	304.5	21.1039	1,563	32,985	0.1622	77,196	110,182	89,697
23	Dec-98	598.5	21.1039	1,568	33,091	0.1622	152,216	185,307	149,722
24	Jan-99	793.5	21.1039	1,570	33,133	0.1622	202,068	235,201	285,049
25	Feb-99	720.0	21.1039	1,570	33,133	0.1622	183,351	216,484	203,904
26	Mar-99	640.0	21.1039	1,571	33,154	0.1622	163,082	196,237	218,366
27	Apr-99	429.5	21.1039	1,568	33,091	0.1622	109,235	142,325	134,411
28									
29								1,085,736	1,081,149

Western Kentucky Gas Company
 Calculation of BL + (HSF x ADD) for Winter 1998-99
 For G-1 Sales - Residential, Commercial and Public Authority Classes

Line No.	NOAA Station						Actual Degree Days [1] (g)	Lagged Actual 50% Prior Mo. DDays [2] (h)
	Lexington (b)	Louisville (c)	Paducah (d)	Evansville (e)	Nashville (f)			
1	237	119	158	181	111	164		
2	522	405	428	492	375	445	304.5	
3	781	711	754	810	671	752	598.5	
4	887	866	839	931	686	835	793.5	
5	654	620	588	667	531	605	720.0	
6	773	676	654	720	595	675	640.0	
7	254	183	168	220	125	184	429.5	
8								
9								
10								
11								
12								
13								
14								
15	Weighting	15.61%	2.80%	37.92%	22.22%	21.44%	3,486	

[1] Weighted per percentages below.

[2] Average of current month and immediately previous month.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 158
Witness: Smith

Data Request:

Please provide a copy of the tariffs of the United Cities Gas Company affiliates in Tennessee and Georgia which address those companies' WNA programs.

Response:

As a point of information, none of the five LDC business units of Atmos are "affiliates". Each is an unincorporated division of Atmos, including Western.

See response to AG DR Item 61.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 159
Witness: Smith

Data Request:

Please explain any differences between the WNA which the Company has proposed and the WNAs in effect for its United Cities Gas Company affiliates in Tennessee and Georgia.

Response:

As a point of information, none of the five LDC business units of Atmos are "affiliates". Each is an unincorporated division of Atmos, including Western.

Unless noted below, we believe all other WNA features and all administrative applications of Western are the same as those of United Cities Gas.

Georgia – Kentucky Differences

- Bill adjustments are made by weather station. Western is proposing to use a composite of the five stations' weather data.
- Base and heat load factors per class per weather station is calculated only at the next general rate case. Western is proposing a composite recalculation annually.
- WNA appears as a line item on the customer bill. Western is not proposing to show a separate line item.
- October-May program. Western is proposing November-April.

Tennessee-Kentucky Differences

- Bill adjustments are made by weather station. Western is proposing to use a composite of the five stations' weather data.
- Base and heat load factors per class per weather station is calculated only at the next general rate case. Western is proposing a composite recalculation annually.
- TPSC requires recalculation of the most recent 30 year normal period in each rate case.
- Daily reporting is required. An annual true-up filing is required in May to correct for slight errors in daily weather data reported by NOAA and subsequently revised about 60 days later.

Western Kentucky Gas Company
Case No. 99-070
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DR Item 160
Witness: Smith

Data Request:

Please identify each of the companies affiliates in other states, indicate whether they have previously sought approval of a WNA or similar mechanism, and state whether such a mechanism was approved, and, if approved, when.

Response:

As a point of information, none of the five LDC business units of Atmos are "affiliates". Each is an unincorporated division of Atmos, including Western.

United Cities Gas Company, Tennessee, Approved, 1991
United Cities Gas Company, Georgia, Approved, 1990
United Cities Gas Company, South Carolina, not applied for
United Cities Gas Company, Kansas, not applied for
United Cities Gas Company, Missouri, not applied for
United Cities Gas Company, Virginia, not applied for
United Cities Gas Company, Iowa, not applied for
United Cities Gas Company, Illinois, not applied for
Greeley Gas Company, Kansas, not applied for
Greeley Gas Company, Colorado, not applied for
Greeley Gas Company, Missouri, not applied for
Energas, Texas, not applied for
TransLA, Louisiana, not applied for

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 161
Witness: Smith

Data Request:

Please identify the incremental or decremental revenues which the United Cities Gas Company affiliates in Tennessee and in Georgia have realized in each winter heating season since those Companies have implemented their WNAs.

Response:

As a point of information, none of the five LDC business units of Atmos are "affiliates". Each is an unincorporated division of Atmos, including Western.

See attached summary of United Cities Gas WNA programs since inception.

UNITED CITIES GAS COMPANY
A DIVISION OF ATMOS ENERGY
WEATHER NORMALIZATION ADJUSTMENT (WNA)
Summary of Revenue Effect from Inception through May 1999

	<u>GEORGIA</u>	<u>TENNESSEE</u>	<u>GA/TN COMBINED</u>	<u>ATMOS FISCAL YEAR TOTALS</u>
November, 1990	\$72,466			
December, 1990	282,964			
	<hr/>			
Total 1990	\$355,430		<u>\$355,430</u>	
January, 1991	\$333,473			
February	306,896			
March	249,524			
April	209,218			
May	80,557			
October	3,928			
November	19,294	(\$179,898)		
December	241,084	203,917		
	<hr/>	<hr/>		
Total 1991	\$1,443,974	\$24,019	<u>\$1,467,993</u>	
January, 1992	\$189,978	\$317,133		
February	239,402	438,232		
March	386,477	491,078		
April	(98,351)	(377,599)		
May	(59,900)	(93,170)		
October	(22,876)	(111,946)		
November	77,454	(9,047)		
December	(99,684)	(229,011)		
	<hr/>	<hr/>		
Total 1992	\$612,500	\$425,670	<u>\$1,038,170</u>	
January, 1993	\$376,737	\$676,159		
February	183,920	411,223		
March	(184,018)	(597,515)		
April	(64,117)	(250,281)		
May	(32,508)	17,766		
October	23,936	(60,658)		
November	(8,338)	(335,983)		
December	107,347	60,566		
	<hr/>	<hr/>		
Total 1993	\$402,959	(\$78,723)	<u>\$324,236</u>	

**UNITED CITIES GAS COMPANY
A DIVISION OF ATMOS ENERGY
WEATHER NORMALIZATION ADJUSTMENT (WNA)
Summary of Revenue Effect from Inception through May 1999**

	<u>GEORGIA</u>	<u>TENNESSEE</u>	<u>GATN COMBINED</u>	<u>ATMOS FISCAL YEAR TOTALS</u>
January, 1994	(\$210,469)	(\$474,237)		
February	132,337	(15,569)		
March	391,861	325,444		
April	185,489	67,848		
May	79,750	43,738		
October	16,505	0		
November	240,815	377,350		
December	341,033	548,499		
	<hr/>	<hr/>		
Total 1994	\$1,177,321	\$873,073	<u>\$2,050,394</u>	
January, 1995	\$216,448	\$537,437		
February	89,702	88,372		
March	294,324	404,044		
April	277,331	406,874		
May	13,104	0		
October	8,795	0		
November	(110,981)	(526,988)		
December	(66,688)	(601,636)		
	<hr/>	<hr/>		
Total 1995	\$722,035	\$308,103	<u>\$1,030,138</u>	
January, 1996	(\$116,121)	(\$453,875)		
February	(89,374)	(525,074)		
March	122,721	(114,344)		
April	(162,363)	(815,984)		
May	(13,778)	0		<u>(\$3,465,690)</u>
October	(31,021)	0		
November	40,192	(308,020)		
December	137,907	(282,999)		
	<hr/>	<hr/>		
Total 1996	(\$111,837)	(\$2,500,296)	<u>(\$2,612,133)</u>	
January, 1997	\$481,019	\$548,325		
February	348,597	411,239		
March	530,100	876,359		
April	173,169	(168,832)		
May	(109,625)	0		<u>\$2,646,410</u>
October	44,038	0		
November	(215,474)	(703,787)		
December	(182,676)	(577,058)		
	<hr/>	<hr/>		
Total 1997	\$1,069,148	\$386,246	<u>\$1,455,394</u>	

**UNITED CITIES GAS COMPANY
A DIVISION OF ATMOS ENERGY
WEATHER NORMALIZATION ADJUSTMENT (WNA)
Summary of Revenue Effect from Inception through May 1999**

	<u>GEORGIA</u>	<u>TENNESSEE</u>	<u>GA/TN COMBINED</u>	<u>ATMOS FISCAL YEAR TOTALS</u>
January, 1998	\$312,038	\$772,810		
February	224,499	759,673		
March	(17,020)	221,067		
April	15,432	29,480		
May	(1,237)	0		<u>\$681,785</u>
October	66,261	0		
November	230,804	159,874		
December	<u>736,860</u>	<u>759,179</u>		
Total 1998	\$1,567,637	\$2,702,083	<u>\$4,269,720</u>	
January, 1999	\$266,876	\$39,256		
February	844,345	1,491,802		
March	61,683	(283,292)		
April	64,332	(27,918)		
May	(15,816)	0		<u>\$4,394,246</u>
October	0	0		
November	0	0		
December	<u>0</u>	<u>0</u>		
Total 1999	\$1,221,420	\$1,219,848	<u>\$2,441,268</u>	
TOTAL - INCEPTION THROUGH 5/99	<u>\$8,460,587</u>	<u>\$3,360,023</u>	<u>\$11,820,610</u>	
Settle-up for 1991-1992 heating season		\$14,829		
Settle-up for 1992-1993 heating season		117,532		
Settle-up for 1993-1994 heating season		91,104		
Settle-up for 1994-1995 heating season		(47,734)		
Settle-up for 1995-1996 heating season		(25,919)		
Settle-up for 1996-1997 heating season		(14,250)		
Settle-up for 1997-1998 heating season		(9,843)		
GRAND TOTAL AFTER SETTLE-UP	<u>\$8,460,587</u>	<u>\$3,485,742</u>	<u>\$11,946,329</u>	

**Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 162
Witness: Gruber**

Data Request:

With reference to page 8, line 13, of Mr. Gruber's testimony, please provide evidence of the declining trend in revenues since 1995.

Response:

See Mr. Smith's response to AG DR 37.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 163
Witness: Gruber

Data Request:

With reference to four business initiatives discussed beginning on page 12 of Mr. Gruber's testimony, please provide the following:

- a. The dates on which each initiative was or will be implemented.
- b. The total projected (actual, if implemented) investment required for each initiative.
- c. The annual operating costs included in the forecasted year associated with each initiative (separately list one-time or start-up costs).
- d. The savings to be derived from each of these initiatives. Differentiate the annual savings from one-time (non-recurring) savings, and identify the savings reflected in the forecasted test year.
- e. Discuss how the costs and savings from these initiative have been reflected in the cost of service.

Response:

a.	<u>Initiative</u>	<u>Implementation</u>
	CIS/Banner	June 1, 1999
	Centralized Customer Support Center	April 1, 1998
	IT Infrastructure	October 1, 1997
	Business Process Changes	October 1, 1997

Some of these efficiency and productivity improvements were phased-in over a period of time.

- b. See page 15 of Mr. Gruber's testimony.

c.	<u>Initiative</u>	<u>Annual Operating Costs</u>
	CIS/Banner	See note below
	Centralized Customer Support Center	\$1,272,133
	IT Infrastructure	See note below
	Business Process Changes	See note below

Notes:

CIS/Banner and IT Infrastructure – There are no stand alone operating costs associated with these efficiency and productivity improvements in the forecasted test year. The ongoing operating costs of these improvements are embedded as a portion of the \$928,202 on annual shared services Information Technology costs shown in the response to KPSC DR#1 Item 34 [revised FR 10(9)(u)]; as a portion of \$3,123,823 in Western's operating costs for Information Technology in Account 870 Supervision and Engineering as shown in FR 10(10)(c)2.1, sheet 8 of 10; and, as a portion of the Customer Support Center costs referenced above. CIS/Banner is an integral resource for the CSC in interfacing with customers on-line. The IT Infrastructure is the backbone of the technological and communications network utilized by the CSC.

Business Process Changes – There is no stand alone operating cost associated with this efficiency and productivity improvement in the forecasted test year. The ongoing operating costs of these improvements are embedded as a portion of the \$928,202 on annual shared services Information Technology costs shown in the response to KPSC DR#1 Item 34 [revised FR 10(9)(u)]; as a portion of \$3,123,823 in Western's operating costs for Information Technology in Account 870 Supervision and Engineering as shown in FR 10(10)(c)2.1, sheet 8 of 10; as a portion of the \$1,041,813 in Account 902 Operations Meter Reading expense as shown in FR 10(10)(c)2.2, sheet 4 of 4; as a portion of the Customer Support Center costs referenced above; and, as a portion of the \$1,505,052 of annual shared services Billing and Remittance Processing costs shown in the response to KPSC DR#1 Item 34 [revised FR 10(9)(u)]. The Supplemental Response to KPSC DR#1 Item 71 as well the response to AG DR 163 addresses Western's increasing cost of cellular and other communications services associated with the use of MDTs and related technological applications. As indicated on page 13, lines 13-16, of Mr. Gruber's testimony, "Business Process Changes [are] made to accommodate the changes to Western's operations as a result of the new CIS, Customer Support Center and updated IT Infrastructure. The purpose of the changes is to enable Western to provide more efficient and higher quality customer service."

There are no one-time or start-up costs for these initiatives in the forecast year.

- d. The ongoing operating cost savings of these improvements are embedded in the \$2,200,000 in savings outlined for FY2000 in the Supplemental Response to KPSC DR#1 Item 6. The savings for calendar year 2000 (the forecast year) would be somewhat greater.
- e. The effect of the costs and savings associated with these efficiency and productivity improvements is to have placed Western' operating and maintenance costs well below the industry average. The long term savings of these improvements is conservatively estimated in the Supplemental Response to KSPC #1 DR Item 6 at \$25,200,000.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 164
Witness: Gruber

Data Request:

With reference to page 16, lines 10 through 18 of Mr. Gruber's testimony:

- a. Please provide a listing identifying and describing each of the IT projects, the implementation date, the required investment, the total investment through the most recent date available, and the annual and one-time savings and costs.
- b. With respect to the Y2K and the Oracle expenditures, please identify the forecasted test year amounts and explain how the investment, the annual costs and annual savings have been reflected in the cost of service.

Response:

- a. See the Oracle software projects listed on page 16, lines 21-28, in Mr. Gruber's testimony. Mr. Gruber's testimony continues with a description of how the Oracle system will impact these projects on pages 17-18. The total associated investment for Western is \$3,073,763 through July 1999.

Once implemented, the IT/Oracle projects no longer exist as a separate cost center, but are woven into the fabric of the entire organization. The operating costs of the Oracle software projects are embedded throughout the costs shown in the response to KPSC DR#1 Item 34 [revised FR 10(9)(u)].

The ongoing operating cost savings of these improvements are embedded in the \$2,200,000 in savings outlined for FY2000 in the Supplemental Response to KPSC DR#1 Item 6. The savings for calendar year 2000 (the forecast year) would be somewhat greater.

There are no one time costs or start up costs in the forecast year.

- b. There are no forecasted test year Y2K expenditures budgeted for the forecast year. There are additional costs associated with Oracle in the forecast year. These costs represent Western's portion of the annual Oracle licensing fees in the amount of \$58,233.

The ongoing operating cost savings of these improvements are embedded in the \$2,200,000 in savings outlined for FY2000 in the Supplemental Response to KPSC DR#1 Item 6. The savings for calendar year 2000 (the forecast year) would be somewhat greater.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 165
Witness: Betty Adams

Data Request:

With respect to the positions eliminated as a result of the Atmos/United Cities merger as discussed on pages 19 and 20 of Mr. Gruber's testimony, were there any costs that are being amortized over more than one period? If so, please identify the costs, the amount included in the forecasted test year cost of service, and the date(s) on which the amortization will end.

Response:

The total amount of amortization included in the forecasted test year is \$306,000. The costs associated with this amount are being amortized over a period of seven years and will end September 30, 2005.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 166
Witness: David H. Doggette

Data Request:

166. With reference to the Gas Meter Performance Control Program discussed on page 19 of Mr. Gruber's testimony, please identify the "gains" from the program and explain how they have been reflected in the cost of service.

Response:

The "gains", that is savings, and how they are reflected in the cost of service referred to in Mr. Gruber's testimony are more fully discussed in the response to Item 77 of the first Data Request issued by the July 16, 1999 Order of the Kentucky Public Service Commission. Generally, the savings result from testing a statistically relevant sampling of various makes and models of meters to detect specific groups of meters that do not meet accuracy requirements. Removal of the poorly performing meters will increase the long-term accuracy of our meter population and will increase the useful service life of meters currently in service. Heretofore, all domestic meters have been removed from service and tested for accuracy every ten (10) years.

The savings associated with the expected decrease in the number of meters annually removed from service have been reflected in the overall O&M cost strategies more fully discussed in the Supplemental Response to Item 6 of the first Data Request issued by the Kentucky Public Service Commission.

The Kentucky Public Service Commission approved a final Order in Case 99-059 on August 24, 1999. A copy of the Order is attached for reference. The Commission Order references the expected savings of \$ 319,730 as given in Western's original filing. However, as noted in the response to Item 77 of the Commission first Data Request, the Commission Staff requested some changes to the filed program which will increase the number of annual meters to be tested and will thus reduce the expected savings.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WESTERN KENTUCKY)
GAS COMPANY, A DIVISION OF ATMOS ENERGY)
CORPORATION, FOR APPROVAL OF A)
STATISTICAL SAMPLE METER TEST PLAN FOR) CASE NO. 99-059
POSITIVE DISPLACEMENT METERS PURSUANT)
TO 807 KAR 5:022, SECTION 8(5)(C))

O R D E R

On April 19, 1999, Western Kentucky Gas Company ("WKG") filed an application requesting approval of a statistical sample meter test plan for positive displacement gas meters pursuant to 807 KAR 5:022, Section 8(5)(c). On June 1, 1999, WKG filed a revised plan pursuant to the informal conference between WKG and Commission Staff on April 30, 1999. The Commission on June 24, 1999, by Order, notified WKG that Commission Staff will recommend that its plan be rejected for reasons stated in the Order. The Commission on July 15, 1999, by Order, scheduled a formal hearing for October 7, 1999 and an informal conference if WKG files a second revised sample meter test plan that addresses positively each of the eight issues set out in our June 24, 1999 Order.

On August 4, 1999, WKG filed a second amended plan consistent with the similar plan previously approved by the Commission for other gas utilities.¹ WKG's plan is based on American National Standard for Sampling Procedures and Tables for

¹ WKG's amended plan is attached to its August 4, 1999 second amended application as Attachment 1.

Inspection by Attributes that corresponds to ANSI/ASQC Z1.4-1993. WKG has requested to test samples of all its gas meters under the terms of the revised plan in lieu of 100 percent testing required under 807 KAR 5:022, Section 8(5). WKG has further requested to test samples of new gas meters under the terms of the revised plan in lieu of 100 percent testing required under 807 KAR 5:022, Section 8(3)(a)1.

WKG estimates annual savings of approximately \$319,730 from implementing the statistical sample meter test plan, as compared to the costs of current periodic testing.

WKG states that the safety inspection will not be changed in any way with this program.

After consideration of the record and being otherwise sufficiently advised, the Commission finds that:

1. WKG's plan should be accepted for a pilot period of 5 years.
2. WKG should file an annual report with the Commission no later than April 1 of each year under this program.
3. At the end of the 5 year pilot program, WKG will file its final evaluation and analysis of the program and whether it intends to continue with the plan in lieu of the periodic testing.
4. The formal hearing scheduled for October 7, 1999 should be cancelled.

IT IS HEREBY ORDERED that:

1. WKG's proposed statistical sample meter test plan is approved for a period of 5 years from the date of this Order. WKG shall file its final evaluation of the

plan with the Commission along with any application to continue or notice of discontinuance of the plan no later than April 1, 2004.

2. WKG is granted a deviation from 807 KAR 5:022, Section 8(3)(a)1, for new gas meters for a period of the pilot sampling test plan.

3. Within 30 days of the date of this Order, WKG shall notify the Commission of the time frame for implementation of the plan. WKG shall file the first annual report no later than April 1, 2000 and subsequent reports within 12 months.

4. The hearing set for October 7, 1999 is cancelled.

Done at Frankfort, Kentucky, this 24th day of August, 1999.

By the Commission

ATTEST:

Executive Director

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 167
Witness: Gruber

Data Request:

167. Please provide copies of all contracts and/or corporate documents between WKG and Shared Services that cover the provision of products and services and the allocation of costs between the two entities.

Response:

167. The above items requested are included in KPSC DR 1 item 83, and item 34 including the revised FR 10(9)(u).

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 168
Witness: Gruber

Data Request:

168. With reference to lines 1 through 7 of Mr. Fischer's testimony, please provide the list of services that Shared Services currently provides to WKG, and the list of services that Shared Services is expected to provide during the rate effective period.

Response:

168. The above items requested are included in KPSC DR 1 item 83, and item 34 including the revised FR 10(9)(u). The services are not expected to vary for the test period in this case.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 169
Witness: Betty Adams

Data Request:

Please provide a workpaper that provides the actual annual charges from Shared Services to WKG from the inception of Shared Services in 1997 through 1998, and the monthly charges for 1999 through the most recent date available. Please indicate any portion of these charges that are charged to non-O&M accounts.

Response:

Shared Services Combined Direct & Billed Expense – Western portion (000's)

Financial Item	FY 97	FY 98	Oct 98	Nov 98	Dec 98	Jan 99	Feb 99	Mar 99	Apr 99	May 99	YTD 99
SSU O&M	4,721	6,107	765	710	1,062	705	980	467	761	646	6,096
Depreciation	763	570	128	128	134	134	134	134	134	(473)	453
Taxes Other than Income	224	150	11	15	10	15	8	53	17	16	145
Total SS Charges	5,708	6,827	904	853	1,206	854	1,122	654	912	189	6,694

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 170
Witness: Gruber

Data Request:

According to page 7, lines 18 and 19 of Mr. Fischer's testimony, over the next 2 to 3 years increased emphasis will be placed on Shared Services' productivity and improving the quality and prices of its products. Please state what goals or targets have been established for productivity and the quality and pricing of products and services. Also indicate how achievement of these goals has been reflected in the cost of service for WKG.

Response:

The overall goals for improving the combined Shared Services productivity, quality and pricing are to maintain a relatively flat level of expense for FY2000 and extending into future budgets years. These targets, goals and savings are reflected in the forward looking budgets submitted with this filing. They help to reflect savings that have already been passed on to the customer in 1998 and 1999 and will hold costs relatively flat into the future, helping to yield the customer savings detailed in the supplemental response to DR Item 6 of the KPSC's first request.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item #171
Witness: Rebecca M. Buchanan

Data Request:

171. With reference to the testimony of Ms. Buchanan at page 4, lines 26 through 30, please provide a workpaper showing the derivation of the capitalization factor used to derive the level of depreciation expense.

Response:

171.) Western's July 30, 1999 response to the KPSC Staff data request set one, issued July 16, 1999, DR # 45, parts c. and d., explains and calculates the capitalization factor. Please see the attached pages one and two. The pertinent information is outlined.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 172
Witness: Betty Adams

Data Request:

With reference to the discussion on the O&M budgeting process and preparation in Ms. Adams' testimony:

- a. Please explain how contingencies are handled in the O&M budget preparation. How are the amounts for contingencies derived and monitored? Provide the level of contingencies included in forecasted test year.
- b. In those instances where year-to-date costs and the remaining months' proposed O&M budgets are used as guidelines for the forecasted test year costs, as stated on page 4 of Ms. Adams' testimony, please explain exactly how those amounts are used. Were escalation or inflation rates applied to a base year amount? If so, for the forecasted test year, provide the escalation rates, the base year amounts, and explain how the escalation rates are derived?

Response:

- a. We do not budget for any type of contingencies, therefore the level of contingencies included in the forecasted test year is zero.
- b. The year-to-date actual expenses and the remaining months of budgeted expenses are used as a comparison tool by the functional managers and officers. After preparing their budget(s) from a zero base or bottoms-up manner they review this information to help verify that reoccurring charges have been budgeted as well as non-reoccurring charges not being budgeted. There were no escalation or inflation rates applied to the base year amount. The only increase applied was for salary increases in the month that an employee was due to be evaluated.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 173
Witness: Betty Adams

Data Request:

With reference to page 8, line 22 through page 9, line 8 of Ms. Adams' testimony:

- a. Please provide a workpaper which separately show the derivation of the \$400,000 increase to fill vacant positions, and the \$290,00 attributable to the 4 percent wage increase.
- b. For the last five completed fiscal years, please provide an analysis that shows the proposed labor increase included in the O&M budgets and the actual increase granted for each year.
- c. For the last five completed fiscal years, please provide an analysis that shows the proposed benefits percentage included in the O&M budgets and the actual benefits percentage for each year.

Response:

- a. See attached schedule "A" for the details of the \$400,000 increase to fill vacant positions and schedule "B" for details of the 4 percent wage increases.
- b. Proposed labor increases documentation are not retained for years prior to 1998. Attached is information as to the percentages for 1997 through 1999. (Schedule "C")
- c. See attached schedule "D" for the analysis of the benefits percentages.

Western Kentucky Gas Company
Case No. 99-070
KPSC Data Request Dated July 16, 1999
DR Item 69-A

JOB VACANCY SUMMARY

<u>No. of Vacancies</u>	<u>Position</u>	<u>Location</u>
1	Sr. Engineer	Engineering & Measurement
1	Service Specialist	Hopkinsville C&M/Service
1	Sr. Service Tech	Hopkinsville C&M/Service
1	Operations Supervisor	Bowling Green C&M/Service
1	Service Specialist	Bowling Green C&M/Service
1	Sr. Construction Operator	Bowling Green C&M/Service
1	Meter Reader	Glasgow C&M/Service
1	Sr. Construction Operator	Danville C&M/Service
1	Sr. Service Tech	Campbellsville C&M/Service
1	Sales Representative II	Paducah C&M/Service
2	Sr. Service Tech	Paducah C&M/Service
1	Crew Foreman	Paducah C&M/Service
2	Sr. Construction Operator	Paducah C&M/Service
15	Total Vacancies - Western Kentucky Gas Company	

The O&M Portion of the above salaries is	\$325,500
The benefits for the same is	<u>74,865</u>
	\$400,365

DATA REQUEST 173
SCHEDULE B

Below is a listing of the amounts attributable to the 4 percent wage increase by cost areas.

	Increase	Benefits 23%	Total
Administrative	\$ 26,180	6,021	\$ 32,201
Tech Services	37,263	8,570	45,833
West Region Adm.	9,559	2,199	11,758
Madisonville Operations	36,221	8,331	44,552
Owensboro Operations	35,520	8,170	43,690
Paducah Operations	22,435	5,160	27,595
East Region Adm.	7,801	1,794	9,595
Bowling Green Operations	36,489	8,392	44,881
Danville Operations	<u>24,224</u>	<u>5,572</u>	<u>29,796</u>
Totals	<u>\$ 235,692</u>	<u>\$ 54,209</u>	<u>\$ 289,901</u>

**Atmos Energy Corporation
FY 1999 Pay Guidelines**

General Salary Increase Information:

- Salary increases across the country are forecast to continue between 4.0 and 4.5 percent. The table below reflects actual experience for 1997 and 1998 and what is projected for 1999. The amounts shown include general cost-of-living adjustments, merit increases and other adjustments such as market or equity-related increases. Promotions are excluded from these salary increase amounts. Additionally, according to the Bureau of Labor Statistics, the rate of inflation from June 1997 through June 1998 was 1.7 percent.

Employee Category	Actual 1997	Projected 1998	Actual 1998	Projected 1999
Operating Nonexempt Employees	4.1%	4.2%	4.2%	4.3%
Exempt Salaried Employees	4.3%	4.3%	4.5%	4.4%

Merit Increase Guidelines

- **Form** - During the transition to the new performance management system, the current performance appraisal form will be used on which to partially base an employee's FY 99 merit salary increase until we introduce the enhanced process on or about April 1, 1999.
- **Merit Increase Considerations**
 - The following table provides guidelines to assist you in determining an employee's merit increase amount as a percentage of pay based on your evaluation of his/her performance.
 - In addition to an employee's performance rating, consideration should also be given to the employee's position within the new pay band.

Performance Rating	Recommended FY 99 Salary Increase Range
1	0% to 8%
2	0% to 6%
3	0% to 4%
4	0% to 1%
5	0%

DATA REQUEST 173
SCHEDULE D

ANALYSIS OF BENEFITS PERCENTAGES

Fiscal Year	Budget	Actual
1994	22%	31%
1995	30%	28%
1996	30%	21%
1997	27%	32%
1998	30%	24%

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 174
Witness: Betty Adams

Data Request:

With reference to the discussion on O&M budget control and monitoring beginning on page 5 of Ms. Adams' testimony:

- a. During the year, are O&M budgets ever revised after being adopted? If so, please explain the process of revising the budget. Indicate the criteria that would justify a revision to the adopted O&M budget.
- b. Is there a threshold below which O&M budget variances are evaluated in the manner similar to instances where actual costs exceed the budget by more than 5 percent? If so, please indicate the level of decrease which will trigger such an evaluation.

Response:

- a. Once detailed O&M budgets are adopted, our experience has been not to change them. As a result of below normal winter weather, Western may be required to reduce its fiscal year earnings expectations which may result in reduce spending. However, this has not altered the detailed O&M budgets.
- b. The threshold below which O&M budget variances are evaluated is 10 percent.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 175
Witness: Betty Adams

Data Request:

Please provide supporting documentation that shows the FY 1999 O&M budget as of March 1999 being on target as stated on page 6, line 20 of Ms. Adams testimony.

Response:

Please see attached schedule supporting page 6, line 20 of my testimony stating "As of March, FY 1999 actual spending to date, without benefits, is on budget".

WESTERN KENTUCKY GAS COMPANY
O & M INFORMATION
6 MONTHS - YEAR TO DATE

DR 175
Schedule A
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RESPONSIBILITY AREA	ACTUAL O&M W/O BENEFITS	BUDGETED O&M W/O BENEFITS	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)	ACTUAL O&M W/O BENEFITS & R/R	BUDGETED O&M W/O BENEFITS & R/R	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)
EXECUTIVE	414,466	432,470	18,004	4%	414,466	432,470	18,004	4%
ACCOUNTING	41,190	89,439	48,249	54%	74,225	91,239	17,014	19%
REGULATORY AFFAIRS	34,516	30,792	(3,724)	-12%	34,516	30,792	(3,724)	-12%
BUSINESS DEVELOPMENT	283,153	355,310	72,157	20%	283,153	355,310	72,157	20%
HUMAN RESOURCES	199,114	236,382	37,268	16%	199,114	236,382	37,268	16%
TECH SERVICES	1,024,710	1,038,227	13,517	1%	1,061,090	1,038,227	(22,863)	-2%
EAST REGION ADM.	103,842	287,632	183,790	64%	80,552	93,632	13,080	14%
BOWLING GREEN CENTER	1,101,437	975,725	(125,712)	-13%	1,034,352	992,422	(41,930)	-4%
DANVILLE CENTER	943,185	791,755	(151,430)	-19%	836,902	809,643	(27,259)	-3%
EAST REGION BUSINESS DEV.	128,223	151,114	22,891	15%	128,223	151,114	22,891	15%
WEST REGION ADM.	105,817	278,561	172,744	62%	82,527	84,561	2,034	2%
MADISONVILLE CENTER	687,724	609,269	(78,455)	-13%	621,252	621,780	528	0%
OWENSBORO CENTER	764,931	638,513	(126,418)	-20%	718,733	651,915	(66,818)	-10%
PADUCAH CENTER	772,566	629,966	(142,600)	-23%	715,120	655,763	(59,357)	-9%
WEST REGION BUSINESS DEV.	123,230	164,068	40,838	25%	123,230	164,068	40,838	25%
TOTAL COMPANY	6,728,104	6,709,223	(18,881)	0%	6,407,455	6,409,318	1,863	0%

R&R=Revenue/Reimbursements & Writeoffs

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 176
Witness: Betty Adams

Data Request:

Please provide copies of all monthly and quarterly O&M budget variance analysis, including variance explanations, for FY 1999 to date. Please provide additional reports as they become available.

Response:

See attached schedule "A" which contains monthly analysis for October 1998 through May 1999. After monthly budget analysis has been completed, variance explanations are communicated verbally during top management staff meetings, therefore no written explanations are attached.

See attached schedule "B" which contains slides used in the quarterly review. The quarterly review explanations are communicated verbally to the Management Committees except where noted on the slides.

WESTERN KENTUCKY GAS COMPANY
 RESPONSIBILITY MANAGEMENT REPORT
 CURRENT MONTH
 May 1999

FINAL

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 Sch A

RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		Actual	BENEFITS		FAV/UNFAV TO BUDGET		Actual	NON-LABOR		FAV/UNFAV TO BUDGET		Actual	REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL ACTUAL	TOTAL BUDGET		FAV/UNFAV TO BUDGET
	Actual	Budget	%	%		Budget	%	%	Budget		%	Budget	%	Budget		%	Budget	%	Budget		%	Budget	
EXECUTIVE	9,521	10,769	12%	124%	(585)	2,477	3,062	46,403	50,500	4,097	8%	55,339	63,746	8,407	13%					55,339	63,746	8,407	13%
ACCOUNTING	7,933	8,394	461	5%	(490)	1,931	2,421	4,564	6,925	2,361	34%	12,007	17,250	5,243	30%					12,007	17,250	5,243	30%
REGULATORY AFFAIRS	6,846	5,100	(1,746)	-34%	(423)	1,173	1,596	-	32	32	100%	6,423	6,305	(118)	-2%					6,423	6,305	(118)	-2%
MARKETING	10,788	11,393	605	5%	(666)	2,620	3,286	11,470	48,200	36,730	76%	21,592	62,213	40,621	65%					21,592	62,213	40,621	65%
HUMAN RESOURCES	20,048	22,760	2,712	12%	(1,359)	5,235	9,703	4,501	14,204	9,703	68%	23,190	42,199	19,009	45%					23,190	42,199	19,009	45%
TECH SERVICES	44,462	60,480	16,018	26%	(3,052)	13,910	16,962	77,461	107,800	30,339	28%	118,871	182,190	63,319	35%					118,871	182,190	63,319	35%
EAST REGION ADM.	5,545	5,913	368	6%	(343)	1,360	1,703	5,730	7,559	1,829	24%	26,585	54,832	28,247	52%					26,585	54,832	28,247	52%
BOWLING GREEN CENTER	87,109	119,167	32,058	27%	(6,311)	27,409	33,720	29,363	40,026	10,673	27%	109,185	184,652	75,467	41%					109,185	184,652	75,467	41%
DANVILLE CENTER	77,946	96,180	18,234	19%	(5,170)	22,122	27,292	24,890	37,876	12,986	34%	94,171	154,329	60,158	39%					94,171	154,329	60,158	39%
EAST REGION MARKETING	12,391	13,481	1,090	8%	(765)	3,101	3,866	2,635	8,515	5,880	69%	14,261	25,097	10,836	43%					14,261	25,097	10,836	43%
WEST REGION ADM.	5,492	5,911	419	7%	(340)	1,360	1,700	6,604	7,450	846	11%	27,409	54,721	27,312	50%					27,409	54,721	27,312	50%
MADISONVILLE CENTER	73,107	77,119	4,012	5%	(4,984)	17,737	17,737	19,716	25,620	5,904	11%	86,762	119,166	32,404	27%					86,762	119,166	32,404	27%
OWENSBORO CENTER	71,014	84,783	13,769	16%	(5,059)	19,500	24,559	18,508	30,928	12,420	40%	82,566	134,422	51,856	39%					82,566	134,422	51,856	39%
PADUCAH CENTER	58,663	67,588	8,925	13%	(4,190)	15,545	19,735	26,854	40,264	13,410	33%	80,409	121,992	41,583	34%					80,409	121,992	41,583	34%
WEST REGION MARKETING	10,997	15,003	4,006	27%	(673)	3,451	4,124	1,966	11,500	9,544	83%	12,280	29,964	17,674	59%					12,280	29,964	17,674	59%
TOTAL COMPANY	501,862	604,041	102,179	17%	(34,410)	138,931	173,341	280,645	437,399	156,754	36%	771,050	1,253,068	482,018	38%					771,050	1,253,068	482,018	38%

WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
YEAR TO DATE

RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget	Actual	%	Actual	Budget	Actual	%	Actual	Budget	Actual	%	Actual	Budget	Actual	%	Actual	Budget	Actual	%
EXECUTIVE	124,405	109,727	(14,678)	-13%	(271)	25,237	25,508	101%	402,462	445,299	42,837	10%	(36,123)	(3,000)	33,123	-1104%	526,596	580,263	53,667	9%
ACCOUNTING	67,317	66,477	(840)	-1%	(1,479)	15,292	16,771	110%	32,227	55,400	23,173	42%	(36,123)	(3,000)	33,123	-1104%	61,942	134,169	72,227	54%
REGULATORY AFFAIRS	37,653	40,800	3,147	8%	(3,466)	9,384	12,850	137%	13,083	256	(12,827)	-5011%	(12,827)				47,270	50,440	3,170	6%
MARKETING	93,262	90,946	(2,316)	-3%	(2,989)	20,915	23,904	114%	236,912	385,475	148,563	39%					327,185	497,336	170,151	34%
HUMAN RESOURCES	178,587	186,060	7,473	4%	(4,108)	42,783	46,901	110%	82,080	127,123	45,043	35%					256,559	355,975	99,417	28%
TECH SERVICES	534,644	480,773	(53,871)	-11%	(12,246)	110,575	122,821	111%	796,885	892,107	95,222	11%	(36,380)		36,380	100%	1,282,903	1,483,455	200,552	14%
EAST REGION ADM.	48,983	47,304	(1,679)	-4%	(885)	10,880	11,765	108%	62,022	76,742	14,720	19%	68,439	249,000	180,561	73%	178,559	383,926	205,367	53%
BOWLING GREEN CENTER	989,718	942,405	(47,313)	-5%	(26,038)	216,755	242,783	112%	388,216	420,141	31,925	8%	64,061	(19,751)	(83,812)	-45%	1,385,967	1,559,550	173,583	11%
DANVILLE CENTER	773,876	761,821	(12,055)	-2%	(17,447)	175,219	192,686	110%	289,673	315,702	26,029	8%	99,980	(21,520)	(121,510)	-48%	1,146,092	1,231,222	85,130	7%
EAST REGION MARKETING	105,497	106,796	1,299	1%	(3,023)	24,565	27,588	112%	54,621	89,775	35,154	39%					157,095	221,136	64,041	29%
WEST REGION ADM.	47,863	46,928	(935)	-2%	(994)	10,796	11,790	110%	59,451	64,285	4,834	8%	68,439	249,000	180,561	73%	174,759	371,009	196,250	53%
MADISONVILLE CENTER	637,504	610,299	(27,205)	-4%	(20,111)	140,369	160,460	114%	184,057	216,900	32,843	15%	64,077	(14,469)	(78,546)	-56%	865,527	953,099	87,572	9%
OWENSBORO CENTER	723,657	671,724	(51,933)	-8%	(23,000)	154,499	177,499	115%	213,337	211,796	(1,541)	-1%	43,042	(14,922)	(57,964)	-56%	957,036	1,023,097	66,061	6%
PADUCAH CENTER	629,208	636,975	(92,233)	-17%	(21,288)	123,501	144,789	117%	298,606	334,452	35,846	11%	55,375	(29,152)	(84,527)	-46%	961,901	965,776	3,875	0%
WEST REGION MARKETING	107,536	120,024	12,488	10%	(1,564)	27,608	29,172	106%	42,387	97,550	55,163	57%					148,359	245,182	96,823	39%
TOTAL COMPANY	5,069,710	4,819,059	(250,651)	-5%	(138,909)	1,108,388	1,247,297	113%	3,156,019	3,733,003	576,984	15%	390,920	395,186	4,266	1%	8,477,740	10,055,636	1,577,896	16%

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WESTERN KENTUCKY GAS COMPANY
 RESPONSIBILITY MANAGEMENT REPORT
 TOTAL COMPANY
 FISCAL 1999

YEAR TO DATE	LABOR		FAV/UNFAV		BENEFITS		FAV/UNFAV		NON-LABOR		FAV/UNFAV		REV/REIMB		FAV/UNFAV		TOTAL		FAV/UNFAV	
	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%
OCTOBER	706,886	599,028	(107,858)	-18%	235,400	137,777	(97,623)	-71%	437,834	514,845	77,011	15%	14,582	25,120	10,538	42%	1,394,702	1,276,770	(117,932)	-9%
NOVEMBER	634,620	599,753	(34,867)	-6%	30,444	137,944	107,500	78%	441,531	459,485	17,954	4%	(26,990)	(21,555)	5,435	25%	1,079,605	1,175,627	96,022	8%
DECEMBER	571,750	604,590	(67,170)	-11%	(117,535)	139,057	256,592	185%	415,002	468,103	53,101	11%	103,861	(11,668)	(115,529)	-25%	1,073,088	1,200,082	126,994	11%
JANUARY	660,825	601,260	(59,565)	-10%	19,800	138,290	118,490	86%	445,130	490,676	45,546	9%	107,514	163,149	56,635	25%	1,233,269	1,353,375	120,106	11%
FEBRUARY	579,863	600,178	20,315	3%	(166,803)	138,042	304,845	221%	348,750	432,637	83,887	19%	65,337	54,815	(10,522)	-25%	827,147	1,225,672	398,525	33%
MARCH	658,938	605,521	(53,417)	-9%	(57,279)	139,270	196,549	141%	406,313	433,242	26,929	6%	56,346	90,044	33,698	25%	1,054,318	1,258,077	203,759	16%
APRIL	654,954	604,688	(50,266)	-8%	(48,528)	139,077	187,605	135%	380,813	496,616	115,803	23%	47,319	22,584	(24,735)	-25%	1,034,558	1,252,965	228,407	18%
MAY	501,863	604,041	102,178	17%	(34,409)	138,931	173,340	125%	280,845	437,399	156,754	36%	22,953	72,697	49,744	25%	771,052	1,253,068	482,016	38%
JUNE																				
JULY																				
AUGUST																				
SEPTEMBER																				
YEAR TO DATE	5,069,709	4,819,059	(250,650)	-5%	(138,910)	1,108,388	1,247,298	113%	3,156,018	3,733,003	576,985	15%	390,922	395,186	4,264	1%	8,477,739	10,055,636	1,577,897	16%

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WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
YEAR TO DATE

RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL ACTUAL	TOTAL BUDGET	FAV/UNFAV TO BUDGET
	Actual	Budget			Budget		Budget		Budget		Budget		Actual	Budget					
EXECUTIVE	124,405	109,727	(14,678)	(271)	25,237	25,508	402,462	445,299	42,837	10%	42,837	10%	526,596	580,263	53,667	9%			
ACCOUNTING	67,317	66,477	(840)	(1,479)	15,292	16,771	32,227	55,400	23,173	42%	(36,123)	(3,000)	33,123	61,942	134,169	72,227	54%		
REGULATORY AFFAIRS	37,653	40,800	3,147	(3,466)	9,394	12,850	13,083	256	(12,827)	-5011%	(12,827)		47,270	50,440	3,170	6%			
MARKETING	93,282	90,946	(2,336)	(2,989)	20,915	23,904	236,912	385,475	148,563	39%	148,563	39%	327,185	497,336	170,151	34%			
HUMAN RESOURCES	178,587	186,060	7,473	(4,108)	42,793	46,901	82,080	127,123	45,043	35%	(36,380)	(36,380)	256,559	355,976	99,417	28%			
TECH SERVICES	534,644	480,773	(53,871)	(12,246)	110,575	122,821	796,885	892,107	95,222	11%	(36,380)	(36,380)	1,282,903	1,483,455	200,552	14%			
EAST REGION ADM.	48,983	47,304	(1,679)	(885)	10,880	11,765	62,022	76,742	14,720	19%	68,439	249,000	180,561	178,559	205,367	53%			
BOWLING GREEN CENTER	959,719	942,405	(17,313)	(26,038)	216,755	242,792	389,216	420,141	31,925	8%	64,061	(19,751)	1,385,957	1,559,550	173,593	11%			
DANVILLE CENTER	773,876	761,821	(12,055)	(17,447)	175,219	192,666	289,673	315,702	26,029	8%	99,990	(21,520)	(121,510)	1,146,092	1,231,222	85,130	7%		
EAST REGION MARKETING	105,497	106,796	1,299	(3,023)	24,565	27,588	54,621	89,775	35,154	39%	68,439	249,000	180,561	174,759	371,009	196,250	29%		
WEST REGION ADM.	47,863	46,928	(935)	(994)	10,796	11,790	59,451	64,285	4,834	8%	68,439	249,000	180,561	174,759	371,009	196,250	29%		
MADISONVILLE CENTER	637,504	610,299	(27,205)	(20,111)	140,369	162,450	184,057	216,300	32,843	15%	64,077	(14,459)	(78,546)	856,527	953,939	87,412	9%		
OWENSBORO CENTER	723,657	671,724	(51,933)	(23,000)	154,499	177,479	213,337	211,796	(1,541)	-1%	43,042	(14,922)	(57,964)	957,036	1,023,097	66,061	6%		
PADUCAH CENTER	629,208	536,975	(92,233)	(21,289)	123,501	144,789	298,606	334,452	35,946	11%	55,375	(22,152)	(84,527)	965,776	3,875	0%			
WEST REGION MARKETING	107,536	120,024	12,488	(1,564)	27,608	29,172	42,367	97,550	55,163	57%	148,359	245,182	96,823	39%					
TOTAL COMPANY	5,069,710	4,819,059	(250,651)	(138,909)	1,108,388	1,247,297	3,156,019	3,733,003	576,984	15%	390,920	395,186	4,266	8,477,740	10,055,636	1,577,896	16%		

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WESTERN KENTUCKY GAS COMPANY
 RESPONSIBILITY MANAGEMENT REPORT
 TOTAL COMPANY
 FISCAL 1999

	LABOR		FAV/UNFAV		BENEFITS		FAV/UNFAV		NON-LABOR		FAV/UNFAV		REV/REIMB		FAV/UNFAV		TOTAL		FAV/UNFAV	
	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%
OCTOBER	706,886	599,028	(107,858)	-18%	235,400	137,777	(97,623)	-71%	437,834	514,845	77,011	15%	14,582	25,120	10,538	42%	1,394,702	1,276,770	(117,932)	-9%
NOVEMBER	634,620	599,753	(34,867)	-6%	30,444	137,944	107,500	78%	441,531	459,485	17,954	4%	(26,990)	(21,555)	5,435	25%	1,079,605	1,175,627	96,022	9%
DECEMBER	671,760	604,590	(67,170)	-11%	(117,535)	139,057	256,592	185%	415,002	468,103	53,101	11%	103,861	(11,668)	(115,529)	-25%	1,073,098	1,200,082	126,984	11%
JANUARY	660,825	601,260	(59,565)	-10%	19,800	138,290	118,490	86%	445,130	490,676	45,546	9%	107,514	163,149	55,635	25%	1,233,269	1,393,375	160,106	11%
FEBRUARY	579,863	600,178	20,315	3%	(166,803)	138,042	304,845	221%	348,750	432,637	83,887	19%	65,337	54,815	(10,522)	-25%	827,147	1,225,672	398,525	33%
MARCH	656,938	605,521	(53,417)	-9%	(57,279)	139,270	196,549	141%	406,313	433,242	26,929	6%	56,346	90,044	33,698	25%	1,064,318	1,268,077	203,759	16%
APRIL	654,954	604,688	(50,266)	-8%	(48,528)	139,077	187,605	135%	380,813	486,616	115,803	23%	47,319	22,584	(24,735)	-25%	1,034,568	1,262,965	228,407	18%
MAY	501,863	604,041	102,178	17%	(34,409)	138,931	173,340	125%	280,645	437,399	156,754	36%	22,953	72,697	49,744	25%	771,052	1,253,068	482,016	38%
JUNE																				
JULY																				
AUGUST																				
SEPTEMBER																				
YEAR TO DATE	5,069,709	4,819,059	(250,650)	-5%	(138,910)	1,108,388	1,247,298	113%	3,156,018	3,733,003	576,985	15%	390,922	395,186	4,264	1%	8,477,739	10,055,636	1,577,897	16%

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WESTERN KENTUCKY GAS COMPANY
O & M INFORMATION
8 MONTHS - YEAR TO DATE

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RESPONSIBILITY AREA	ACTUAL O&M W/O BENEFITS	BUDGETED O&M W/O BENEFITS	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)	ACTUAL O&M W/O BENEFITS & R/R	BUDGETED O&M W/O BENEFITS & R/R	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)
EXECUTIVE	526,867	555,026	28,159	5%	526,867	555,026	28,159	5%
ACCOUNTING	63,421	118,877	55,456	47%	99,544	121,877	22,333	18%
REGULATORY AFFAIRS	50,736	41,056	(9,680)	-24%	50,736	41,056	(9,680)	-24%
BUSINESS DEVELOPMENT	330,174	476,421	146,247	31%	330,174	476,421	146,247	31%
HUMAN RESOURCES	260,667	313,183	52,516	17%	260,667	313,183	52,516	17%
TECH SERVICES	1,295,149	1,372,880	77,731	6%	1,331,529	1,372,880	41,351	3%
EAST REGION ADM.	179,444	373,046	193,602	52%	111,005	124,046	13,041	11%
BOWLING GREEN CENTER	1,411,995	1,342,795	(69,200)	-5%	1,347,934	1,362,546	14,612	1%
DANVILLE CENTER	1,163,539	1,056,003	(107,536)	-10%	1,063,549	1,077,523	13,974	1%
EAST REGION BUSINESS DEV.	160,118	196,571	36,453	19%	160,118	196,571	36,453	19%
WEST REGION ADM.	175,753	360,213	184,460	51%	107,314	111,213	3,899	4%
MADISONVILLE CENTER	885,638	812,730	(72,908)	-9%	821,561	827,199	5,638	1%
OWENSBORO CENTER	980,036	868,598	(111,438)	-13%	936,994	883,520	(53,474)	-6%
PADUCAH CENTER	983,189	842,275	(140,914)	-17%	927,814	871,427	(56,387)	-6%
WEST REGION BUSINESS DEV.	149,923	217,574	67,651	31%	149,923	217,574	67,651	31%
TOTAL COMPANY	8,616,649	8,947,248	330,599	4%	8,225,729	8,552,062	326,333	4%

R&R=Revenue/Reimbursements & Writeoffs

ATMOS ENERGY CORPORATION
WESTERN KENTUCKY GAS COMPANY

RESPONSIBILITY MANAGEMENT REPORT
BY ELEMENT GROUP
FOR THE MONTH ENDED 05/31/99

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***** THIS MONTH *****
FAV (UNFAV) COMPARED TO BUDGET LAST YR TO LST YR
FAV (UNFAV) COMPARED TO LST YR

***** YEAR TO DATE *****
FAV (UNFAV) COMPARED TO BUDGET LAST YR TO LST YR
FAV (UNFAV) COMPARED TO LST YR

ACTUAL BUDGET TO BUDGET LAST YR TO LST YR
ACTUAL BUDGET TO BUDGET LAST YR TO LST YR

COMPANY LABOR:
EXECUTIVE PAYROLL 36,795 69,942 62% 60,703 56%
EXEMPT PAYROLL 1,326,543 1,320,429 0% 1,145,973 16%
OPERATING PAYROLL 3,716,372 3,428,688 8% 3,893,527 5%
EMPLOYEE BENEFITS (138,910) 1,108,388 113% 1,501,230 109%
TOTAL COMPANY LABOR 4,930,800 5,927,447 17% 6,601,438 25%

MATERIALS & SUPPLIES 235,724 258,624 9% 290,176 19%
TRANSPORTATION 601,963 513,456 (17)% 521,251 (15)%
OTHER:
DEPARTMENTAL SPECIFIC 1,223,782 1,371,008 11% 1,388,394 12%
ADMINISTRATIVE 629,055 912,918 31% 593,837 (6)%
OUTSIDE SERVICES 77,917 115,456 33% 84,009 7%
OTHER DEPARTMENT DIRE 387,576 561,541 31% 425,271 9%
ALLOCATIONS & OTHER 0 0 100% 254,073 100%

TOTAL OTHER 2,318,330 2,960,923 22% 2,745,584 16%
TOTAL INCURRED COST 8,086,817 9,660,450 16% 10,158,449 20%

TOTAL NET EXPENSES 8,477,737 10,055,636 16% 10,582,596 20%
TOTAL BUDGETED DOLLARS REMAINING (TOTAL FISCAL YEAR BUDGET LESS YTD ACTUAL) 6,391,837

228,277 342,776 33% 353,681 35%
748,099 1,180,371 37% 1,252,977 40%
22,953 72,697 68% 85,378 73% REV/REIMSEMENTS/UNCOLL
771,052 1,253,068 38% 1,338,355 42%
TOTAL BUDGETED DOLLARS REMAINING (TOTAL FISCAL YEAR BUDGET LESS YTD ACTUAL) 6,391,837

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WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
CURRENT MONTH
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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget		
EXECUTIVE	10,473	11,287	814	7%	(810)	2,596	3,406	131%	46,006	50,000	3,994	8%	(3,088)	(1,200)	1,888	56,669	63,883	8,214	13%	
ACCOUNTING	8,726	8,394	(332)	-4%	(669)	1,931	2,600	135%	4,096	6,925	2,830	41%	(1,200)	(1,200)	1,888	9,064	16,050	6,986	44%	
REGULATORY AFFAIRS	7,531	5,100	(2,431)	-48%	(577)	1,173	1,750	149%	1,843	32	(1,811)	-5659%	(1,811)	(1,783)	(797)	8,797	6,305	(2,492)	-40%	
MARKETING	11,967	11,393	(474)	-4%	(910)	2,620	3,530	149%	12,898	50,125	37,227	74%	(2,798)	(1,783)	1,015	23,855	64,138	40,283	63%	
HUMAN RESOURCES	24,186	23,680	(506)	-2%	(1,852)	5,446	7,288	135%	12,819	16,157	3,338	21%	(2,050)	(1,104)	954	35,153	45,283	10,130	22%	
TECH SERVICES	67,003	60,373	(6,630)	-11%	(5,044)	13,886	18,930	136%	81,510	106,000	24,490	21%	(2,050)	(1,104)	954	143,469	180,259	36,790	22%	
EAST REGION ADM.	6,100	5,913	(187)	-3%	(467)	1,360	1,827	136%	13,079	11,029	(2,050)	-19%	(2,050)	(1,104)	954	48,208	33,302	(14,906)	-31%	
BOWLING GREEN CENTER	129,351	118,963	(10,388)	-8%	(9,529)	27,360	36,988	135%	67,771	91,988	24,197	26%	(2,058)	(1,104)	954	185,436	237,187	51,751	28%	
DANVILLE CENTER	93,274	95,948	2,674	3%	(6,816)	22,068	28,884	131%	30,537	37,876	7,339	19%	(2,798)	(1,783)	1,015	114,197	154,109	39,912	26%	
EAST REGION MARKETING	13,684	13,481	(203)	-2%	(1,045)	3,101	4,146	134%	3,183	9,980	6,797	68%	(2,798)	(1,783)	1,015	15,822	26,562	10,740	40%	
WEST REGION ADM.	6,061	5,911	(150)	-3%	(462)	1,360	1,822	134%	6,629	7,360	751	10%	(2,798)	(1,783)	1,015	4,174	29,651	(12,073)	-29%	
MADISONVILLE CENTER	87,947	77,060	(10,887)	-14%	(6,534)	17,723	24,057	138%	19,539	25,620	6,081	24%	(1,317)	(948)	669	99,835	119,755	19,920	17%	
OWENSBORO CENTER	96,315	84,594	(11,721)	-14%	(7,072)	19,457	26,529	136%	32,426	31,300	(1,126)	-4%	(1,259)	(731)	528	120,410	134,620	14,210	11%	
PADUCAH CENTER	80,547	67,588	(12,959)	-19%	(5,931)	15,545	21,476	138%	46,630	40,224	(6,406)	-16%	(1,153)	(1,950)	(797)	120,093	121,407	1,314	1%	
WEST REGION MARKETING	11,892	15,003	3,111	21%	(912)	3,451	4,363	126%	1,849	12,000	10,151	85%	(1,153)	(1,950)	(797)	12,829	30,454	17,625	59%	
TOTAL COMPANY	654,957	604,688	(50,269)	-8%	(48,529)	139,077	187,606	135%	380,814	496,616	115,802	23%	(47,319)	(22,584)	(24,735)	1,034,561	1,262,965	228,404	18%	

WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
YEAR TO DATE

RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL ACTUAL	TOTAL BUDGET	FAV/UNFAV TO BUDGET
	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%			
EXECUTIVE	114,894	98,958	(15,926)	-16%	314	22,760	22,446	99%	366,059	394,799	38,740	10%	(36,123)	(3,000)	33,123	471,257	516,517	45,260	9%
ACCOUNTING	59,383	58,083	(1,300)	-2%	(989)	13,361	14,350	107%	27,664	48,475	20,811	43%	(36,123)	(3,000)	-1104%	49,835	116,919	66,984	57%
REGULATORY AFFAIRS	30,807	35,700	4,893	14%	(3,044)	8,211	11,255	137%	13,083	224	(12,859)	-5741%				40,846	44,135	3,289	7%
MARKETING	82,474	79,553	(2,921)	-4%	(2,323)	18,295	20,618	113%	225,440	337,275	111,835	33%				305,591	435,123	129,532	30%
HUMAN RESOURCES	158,540	163,300	4,760	3%	(2,745)	37,558	40,307	107%	77,578	112,919	35,341	31%	(36,380)	-	36,380	233,369	313,777	80,408	26%
TECH SERVICES	490,182	420,293	(69,889)	-17%	(9,194)	96,665	105,859	110%	719,423	784,307	64,884	8%	(36,380)	-	100%	1,164,031	1,301,265	137,234	26%
EAST REGION ADM.	43,438	41,391	(2,047)	-5%	(542)	9,520	10,062	106%	56,292	69,183	12,891	8%	52,786	209,000	156,214	151,974	329,094	177,120	11%
BOWLING GREEN CENTER	872,611	823,238	(49,373)	-6%	(19,727)	189,346	209,073	110%	358,864	380,115	21,251	19%	65,027	(17,801)	(82,828)	1,276,775	1,374,898	98,123	54%
DANVILLE CENTER	695,929	665,641	(30,288)	-5%	(12,277)	153,097	165,374	108%	264,784	277,826	13,042	5%	103,484	(19,671)	(123,155)	1,051,920	1,076,893	24,973	7%
EAST REGION MARKETING	93,106	93,315	209	0%	(2,259)	21,464	23,723	111%	51,984	81,260	29,276	36%				142,831	196,039	53,208	27%
WEST REGION ADM.	42,371	41,017	(1,354)	-3%	(654)	9,436	10,090	107%	52,847	56,835	3,988	7%	52,786	209,000	156,214	147,350	316,288	168,938	53%
MADISONVILLE CENTER	564,397	533,180	(31,217)	-6%	(15,128)	122,632	137,760	112%	164,341	191,280	26,939	14%	65,155	(13,159)	(78,314)	778,765	833,833	55,168	7%
OWENSBORO CENTER	652,642	596,941	(55,701)	-11%	(17,941)	134,999	152,940	113%	194,832	180,868	(13,964)	-8%	44,939	(14,133)	(59,072)	874,472	888,675	14,203	2%
PADUCAH CENTER	670,545	469,387	(101,158)	-22%	(17,098)	107,956	126,054	116%	271,751	294,188	22,437	8%	56,293	(27,747)	(84,040)	881,491	843,784	(37,707)	-4%
WEST REGION MARKETING	96,539	105,021	8,482	8%	(891)	24,157	26,048	104%	40,432	86,050	45,618	53%				136,080	215,228	79,148	37%
TOTAL COMPANY	4,567,848	4,215,018	(352,830)	-8%	(104,502)	969,457	1,073,959	111%	2,875,374	3,296,604	420,230	13%	367,967	322,489	(45,478)	7,706,687	8,802,568	1,095,881	12%

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WESTERN KENTUCKY GAS COMPANY
 RESPONSIBILITY MANAGEMENT REPORT
 TOTAL COMPANY
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	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget			Budget	Budget			Actual	Budget			Actual	Budget			Actual	Budget		
OCTOBER	706,886	599,028	(107,858)	-18%	235,400	137,777	(97,623)	-71%	437,834	514,845	77,011	15%	14,582	25,120	10,538	42%	1,394,702	1,276,770	(117,932)	-9%
NOVEMBER	634,620	599,753	(34,867)	-6%	30,444	137,944	107,500	78%	441,531	459,485	17,954	4%	(26,990)	(21,555)	5,435	25%	1,079,605	1,176,627	96,022	8%
DECEMBER	671,760	604,590	(67,170)	-11%	(117,535)	139,057	256,592	185%	415,002	468,103	53,101	11%	103,861	(11,669)	(115,522)	-25%	1,073,088	1,200,082	126,994	11%
JANUARY	660,825	601,280	(59,545)	-10%	19,800	138,290	118,490	185%	445,130	430,676	45,546	9%	107,514	163,149	55,635	25%	1,233,269	1,393,375	160,106	11%
FEBRUARY	579,863	600,178	20,315	3%	(166,803)	138,042	304,845	86%	348,750	432,637	83,887	19%	65,337	54,815	(10,522)	-25%	827,147	1,225,672	398,525	33%
MARCH	658,938	605,521	(53,417)	-9%	(57,279)	139,270	196,549	141%	406,313	433,242	26,929	6%	56,346	90,044	33,698	25%	1,064,318	1,268,077	203,759	16%
APRIL	654,954	604,688	(50,266)	-8%	(48,528)	139,077	187,605	135%	380,813	496,616	115,803	23%	47,319	22,584	(24,735)	-25%	1,034,558	1,262,965	228,407	18%
MAY																				
JUNE																				
JULY																				
AUGUST																				
SEPTEMBER																				
YEAR TO DATE	4,567,846	4,215,018	(352,828)	-8%	(104,501)	969,457	1,073,968	111%	2,875,373	3,295,604	420,231	13%	367,969	322,489	(45,480)	-14%	7,706,687	8,802,568	1,095,881	12%

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ATMOS ENERGY CORPORATION
WESTERN KENTUCKY GAS COMPANY

RESPONSIBILITY MANAGEMENT REPORT
BY ELEMENT GROUP
FOR THE MONTH ENDED 04/30/99

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***** THIS MONTH *****				***** YEAR TO DATE *****						
FAV (UNFAV) COMPARED		FAV (UNFAV) COMPARED		FAV (UNFAV) COMPARED		FAV (UNFAV) COMPARED				
ACTUAL	BUDGET	TO BUDGET	LAST YR	TO BUDGET	LAST YR	TO BUDGET	TO LST YR			
0	9,075	100 %	8,598	100 %	26,256	61,280	57 %	52,500	50 %	
169,391	163,255	(4) %	173,871	3 %	1,179,069	1,157,964	(2) %	1,004,870	(17) %	
485,563	432,358	(12) %	532,683	9 %	3,362,522	2,995,774	(12) %	3,474,011	3 %	
48,528	139,077	135 %	215,028	123 %	(104,501)	969,457	111 %	1,289,948	108 %	
COMPANY LABOR:										
EXECUTIVE PAYROLL										
EXEMPT PAYROLL										
OPERATING PAYROLL										
EMPLOYEE BENEFITS										
606,426	743,765	18 %	930,180	35 %	4,463,346	5,184,475	14 %	5,821,329	23 %	
TOTAL COMPANY LABOR										
39,071	35,533	(10) %	52,584	26 %	222,121	228,183	3 %	245,471	10 %	
MATERIALS & SUPPLIES										
69,550	64,182	(8) %	46,042	(51) %	563,198	449,274	(25) %	446,770	(26) %	
TRANSPORTATION										
OTHER:										
DEPARTMENTAL SPECIFIC										
143,185	162,802	12 %	153,800	7 %	1,064,506	1,208,206	12 %	1,256,478	15 %	
66,253	113,589	42 %	104,111	36 %	581,459	806,502	28 %	475,179	(22) %	
2,011	13,782	85 %	16,901	88 %	72,618	96,774	25 %	52,000	(40) %	
60,743	106,728	43 %	45,207	(34) %	371,470	506,665	27 %	358,881	(4) %	
0	0	100 %	33,157	100 %	0	0	100 %	249,366	100 %	
OTHER DEPARTMENT DIRE										
ALLOCATIONS & OTHER										
272,192	396,901	31 %	353,176	23 %	2,090,053	2,618,147	20 %	2,391,904	13 %	
TOTAL OTHER										
987,239	1,240,381	20 %	1,381,982	29 %	7,338,718	8,480,079	13 %	8,905,474	18 %	
TOTAL INCURRED COST										
47,319	22,584	(109) %	(23,156)	(304) %	367,968	322,489	(14) %	338,769	(9) %	
REV/REIMBURSEMENTS/UNCOLL										
1,034,558	1,262,965	18 %	1,358,826	24 %	7,706,686	8,802,568	12 %	9,244,243	17 %	
TOTAL NET EXPENSES										
TOTAL BUDGETED DOLLARS REMAINING (TOTAL FISCAL YEAR BUDGET LESS YTD ACTUAL)										
7,162,888										

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WESTERN KENTUCKY GAS COMPANY
 O & M INFORMATION
 7 MONTHS - YEAR TO DATE

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RESPONSIBILITY AREA	ACTUAL O&M W/O BENEFITS	BUDGETED O&M W/O BENEFITS	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)	ACTUAL O&M W/O BENEFITS & R/R	BUDGETED O&M W/O BENEFITS & R/R	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)
EXECUTIVE	470,943	493,757	22,814	5%	470,943	493,757	22,814	5%
ACCOUNTING	50,924	103,558	52,634	51%	87,047	106,558	19,511	18%
REGULATORY AFFAIRS	43,890	35,924	(7,966)	-22%	43,890	35,924	(7,966)	-22%
BUSINESS DEVELOPMENT	307,914	416,828	108,914	26%	307,914	416,828	108,914	26%
HUMAN RESOURCES	236,118	276,219	40,101	15%	236,118	276,219	40,101	15%
TECH SERVICES	1,173,225	1,204,600	31,375	3%	1,209,605	1,204,600	(5,005)	0%
EAST REGION ADM.	152,516	319,574	167,058	52%	99,730	110,574	10,844	10%
BOWLING GREEN CENTER	1,296,502	1,185,552	(110,950)	-9%	1,231,475	1,203,353	(28,122)	-2%
DANVILLE CENTER	1,064,197	923,796	(140,401)	-15%	960,713	943,467	(17,246)	-2%
EAST REGION BUSINESS DEV.	145,090	174,575	29,485	17%	145,090	174,575	29,485	17%
WEST REGION ADM.	148,004	306,852	158,848	52%	95,218	97,852	2,634	3%
MADISONVILLE CENTER	793,893	711,301	(82,592)	-12%	728,738	724,460	(4,278)	-1%
OWENSBORO CENTER	892,413	753,676	(138,737)	-18%	847,474	767,809	(79,665)	-10%
PADUCAH CENTER	898,589	735,828	(162,761)	-22%	842,296	763,575	(78,721)	-10%
WEST REGION BUSINESS DEV.	136,971	191,071	54,100	28%	136,971	191,071	54,100	28%
TOTAL COMPANY	7,811,189	7,833,111	21,922	0%	7,443,222	7,510,622	67,400	1%

R&R=Revenue/Reimbursements & Writeoffs

WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
CURRENT MONTH
MARCH 1999

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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET		
	Actual	Budget	%	Actual	%	Budget	%	Actual	%	Budget	%	Actual	%	Budget	%	Actual	%	Budget	%	Actual	%
EXECUTIVE	10,948	11,797	84%	(993)	7%	2,713	3,706	48,598	51,400	2,802	5%	(104)	104	58,553	65,910	7,357	11%				
ACCOUNTING	9,123	8,394	(729)	(837)	1,931	2,768	5,069	6,925	1,856	27%			13,251	17,250	3,999	23%					
REGULATORY AFFAIRS	7,873	5,100	(2,773)	(722)	1,173	1,895	(1,174)	32	1,206	3789%			5,977	6,305	328	5%					
MARKETING	12,406	11,393	(1,013)	(1,138)	2,620	3,758	17,320	47,919	30,599	64%			28,588	61,932	33,344	54%					
HUMAN RESOURCES	25,285	24,750	(535)	(2,306)	5,693	7,999	11,229	10,418	(811)	-8%	(36,380)	36,380	162,372	184,344	21,972	12%					
TECH SERVICES	69,937	60,361	(9,576)	(6,104)	13,883	19,987	134,919	110,100	(24,819)	-23%	(70,013)	19,000	89,013	(59,440)	35,002	94,442	270%				
EAST REGION ADM.	6,317	5,913	(464)	(577)	1,360	1,937	4,773	8,729	3,956	45%	(18,017)	52,013	(40,813)	227,536	198,482	(29,054)	-15%				
BOWLING GREEN CENTER	126,989	118,565	(8,424)	(10,930)	27,270	38,200	59,464	41,447	(18,017)	-43%	62,992	12,072	(50,920)	185,358	168,263	(17,095)	-10%				
DANVILLE CENTER	94,744	95,948	1,204	(8,132)	22,068	30,200	35,754	38,175	2,421	6%			14,536	25,097	10,561	42%					
EAST REGION MARKETING	14,096	13,481	(615)	(1,293)	3,101	4,394	1,733	8,515	6,782	80%	(70,013)	19,000	89,013	(57,061)	33,447	90,508	271%				
WEST REGION ADM.	6,280	5,851	(409)	(567)	1,346	1,913	7,259	7,250	(9)	0%			5,1823	9,555	(42,268)	147,910	129,717	(18,193)			
MADISONVILLE CENTER	83,295	76,864	(6,431)	(7,145)	17,678	24,823	19,937	25,620	5,663	22%			138,680	138,631	(49)	0%					
OWENSBORO CENTER	95,125	84,513	(10,612)	(8,023)	19,438	27,461	26,389	24,528	(1,461)	-6%			149,606	132,882	(16,724)	-13%					
PADUCAH CENTER	84,048	67,588	(16,460)	(7,370)	15,545	22,915	32,088	40,284	8,196	20%			14,247	29,954	15,707	52%					
WEST REGION MARKETING	12,432	15,003	2,571	(1,141)	3,451	4,592	2,956	11,500	8,544	74%											
TOTAL COMPANY	658,938	605,521	(53,417)	(57,278)	139,270	196,548	406,314	433,242	28,928	6%	56,347	90,044	33,697	1,064,321	1,268,077	203,756	16%				

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WESTERN KENTUCKY GAS COMPANY
 RESPONSIBILITY MANAGEMENT REPORT
 YEAR TO DATE

RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET
	Actual	Budget	Actual	%	Actual	Budget	Actual	%	Actual	Budget	Actual	%	Actual	Budget	Actual	%	Actual	Budget	
EXECUTIVE	104,411	87,671	(16,740)	-19%	1,124	20,164	19,040	94%	310,055	344,799	34,744	10%	(33,035)	(1,800)	31,235	415,590	452,634	37,044	8%
ACCOUNTING	50,657	49,889	(968)	-2%	(320)	11,430	11,750	103%	23,588	41,550	17,962	43%	(33,035)	(1,800)	31,235	40,870	100,869	59,999	59%
REGULATORY AFFAIRS	23,276	30,600	7,324	24%	(2,466)	7,038	9,504	135%	11,240	192	(11,048)	-5754%	(11,048)		-1735%	32,050	37,830	5,780	15%
MARKETING	70,608	68,160	(2,448)	-4%	(1,413)	15,675	17,088	109%	212,545	287,150	74,605	26%				198,740	370,985	89,245	24%
HUMAN RESOURCES	134,354	139,620	5,266	4%	(897)	32,112	33,009	103%	64,760	96,762	32,002	26%	(36,380)		100%	198,217	268,494	70,277	26%
TECH SERVICES	423,177	359,920	(63,257)	-18%	(4,151)	82,779	86,930	105%	637,913	678,307	40,394	6%	(36,380)		100%	1,020,559	1,121,006	100,447	9%
EAST REGION ADM.	37,339	35,478	(1,861)	-5%	(75)	8,160	8,235	101%	43,213	58,154	14,941	26%	23,290	194,000	170,710	103,767	295,792	192,025	65%
BOWLING GREEN CENTER	743,260	704,275	(38,985)	-5%	(10,099)	161,986	172,085	101%	291,092	288,147	(2,945)	-1%	67,085	(16,697)	(83,782)	1,091,338	1,137,711	46,373	4%
DANVILLE CENTER	602,656	569,693	(32,963)	-5%	(5,461)	131,029	136,490	104%	294,246	239,950	5,704	2%	106,283	(17,888)	(124,171)	937,724	922,794	(14,940)	-2%
EAST REGION MARKETING	79,422	79,834	412	1%	(1,214)	18,363	19,577	107%	48,801	71,280	22,479	32%	23,290	194,000	170,710	105,625	286,637	181,012	25%
WEST REGION ADM.	36,310	35,106	(1,204)	-3%	(192)	8,076	8,268	102%	46,217	49,455	3,238	7%	23,290	194,000	170,710	105,625	286,637	181,012	25%
MADISONVILLE CENTER	476,450	456,120	(20,330)	-4%	(8,793)	104,909	113,702	108%	144,802	165,650	20,848	13%	66,472	(12,511)	(78,983)	678,531	714,178	35,247	5%
OWENSBORO CENTER	556,328	502,347	(53,981)	-11%	(10,870)	115,542	126,412	109%	162,405	149,568	(12,837)	-9%	46,198	(13,402)	(59,600)	754,061	754,055	(6)	0%
PADUCAH CENTER	489,998	401,799	(88,199)	-22%	(11,167)	92,411	103,578	112%	225,122	253,964	28,842	11%	57,446	(25,797)	(83,243)	761,399	722,377	(39,022)	-5%
WEST REGION MARKETING	84,647	50,018	5,371	6%	21	20,706	20,685	100%	38,583	74,050	35,467	48%	74,050			123,251	184,774	61,523	33%
TOTAL COMPANY	3,912,893	3,610,330	(302,563)	-8%	(55,973)	830,380	886,353	107%	2,494,562	2,798,988	304,426	11%	320,649	299,905	(20,744)	6,672,131	7,539,603	867,472	12%

WESTERN KENTUCKY GAS COMPANY
 RESPONSIBILITY MANAGEMENT REPORT
 TOTAL COMPANY
 FISCAL 1999

	LABOR		FAV/UNFAV		BENEFITS		FAV/UNFAV		NON-LABOR		FAV/UNFAV		REV/REIMB		FAV/UNFAV		TOTAL		FAV/UNFAV	
	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	ACTUAL	BUDGET	TO BUDGET	%
OCTOBER	706,886	599,028	(107,858)	-18%	235,400	137,777	(97,623)	-71%	437,834	514,845	77,011	15%	14,582	25,120	10,538	42%	1,394,702	1,276,770	(117,932)	-9%
NOVEMBER	634,620	599,753	(34,867)	-6%	30,444	137,944	107,500	78%	441,531	459,485	17,954	4%	(26,990)	(21,555)	5,435	25%	1,079,605	1,175,627	96,022	8%
DECEMBER	671,760	604,590	(67,170)	-11%	(117,535)	139,057	256,592	185%	415,002	468,103	53,101	11%	103,861	(11,668)	(115,529)	25%	1,073,088	1,200,082	126,994	11%
JANUARY	660,825	601,260	(59,565)	-10%	19,800	138,290	118,490	86%	445,130	490,676	45,546	9%	107,514	163,149	55,635	25%	1,233,269	1,383,375	160,106	11%
FEBRUARY	579,863	600,178	20,315	3%	(166,803)	138,042	304,845	221%	348,750	432,637	83,887	19%	65,337	54,815	(10,522)	25%	827,147	1,225,672	398,525	33%
MARCH	658,938	605,521	(53,417)	-9%	(57,279)	139,270	196,549	141%	406,313	433,242	26,929	6%	56,346	90,044	33,698	25%	1,064,318	1,268,077	203,759	16%
APRIL																				
MAY																				
JUNE																				
JULY																				
AUGUST																				
SEPTEMBER																				
YEAR TO DATE	3,912,892	3,610,330	(302,562)	-8%	(55,973)	830,380	886,353	107%	2,494,560	2,798,988	304,428	11%	320,650	299,905	(20,745)	-7%	6,672,129	7,539,603	867,474	12%

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ATMOS ENERGY CORPORATION
WESTERN KENTUCKY GAS COMPANY

RESPONSIBILITY MANAGEMENT REPORT
BY ELEMENT GROUP
FOR THE MONTH ENDED 03/31/99

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***** THIS MONTH *****				***** YEAR TO DATE *****							
FAV (UNFAV) COMPARED		FAV (UNFAV) COMPARED		FAV (UNFAV) COMPARED		FAV (UNFAV) COMPARED					
ACTUAL	BUDGET	TO BUDGET	LAST YR	TO BUDGET	LAST YR	TO BUDGET	TO BUDGET				
0	9,487	100 %	8,338	100 %	26,256	52,205	50 %	43,902	40 %		
174,818	164,205	(6) %	147,038	(19) %	1,009,678	994,709	(2) %	830,999	(22) %		
484,120	431,829	(12) %	506,032	4 %	2,876,959	2,563,416	(12) %	2,941,328	2 %		
(57,279)	139,270	141 %	(2,544)	2152 %	(55,973)	830,380	107 %	1,074,920	105 %		
601,659	744,791	19 %	658,864	9 %	3,856,920	4,440,710	13 %	4,891,149	21 %		
38,948	30,316	(28) %	27,430	(42) %	183,049	192,650	5 %	192,886	5 %		
52,961	64,182	17 %	63,115	16 %	493,648	385,092	(28) %	400,727	(23) %		
180,204	170,802	(6) %	190,934	6 %	921,321	1,045,404	12 %	1,102,678	16 %		
97,352	106,943	9 %	96,623	(1) %	515,207	692,913	26 %	371,068	(39) %		
2,580	13,682	81 %	2,106	(23) %	70,607	82,992	15 %	35,099	(101) %		
34,268	47,317	28 %	40,913	16 %	310,727	399,937	22 %	313,673	1 %		
0	0	100 %	20,701	100 %	0	0	100 %	216,210	100 %		
314,404	338,744	7 %	351,277	10 %	1,817,862	2,221,246	18 %	2,038,728	11 %		
1,007,972	1,178,033	14 %	1,100,686	8 %	6,351,479	7,239,698	12 %	7,523,490	16 %		
56,346	90,044	37 %	83,159	32 %	320,648	299,905	(6) %	361,925	11 %		
1,064,318	1,268,077	16 %	1,183,845	10 %	6,672,127	7,539,603	12 %	7,885,415	15 %		
TOTAL BUDGETED DOLLARS REMAINING (TOTAL FISCAL YEAR BUDGET LESS YTD ACTUAL)				TOTAL NET EXPENSES				TOTAL BUDGETED DOLLARS REMAINING (TOTAL FISCAL YEAR BUDGET LESS YTD ACTUAL)			
				8,197,447							

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WESTERN KENTUCKY GAS COMPANY
O & M INFORMATION
6 MONTHS - YEAR TO DATE

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RESPONSIBILITY AREA	ACTUAL O&M W/O BENEFITS	BUDGETED O&M W/O BENEFITS	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)	ACTUAL O&M W/O BENEFITS & R/R	BUDGETED O&M W/O BENEFITS & R/R	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)
EXECUTIVE	414,466	432,470	18,004	4%	414,466	432,470	18,004	4%
ACCOUNTING	41,190	89,439	48,249	54%	74,225	91,239	17,014	19%
REGULATORY AFFAIRS	34,516	30,792	(3,724)	-12%	34,516	30,792	(3,724)	-12%
BUSINESS DEVELOPMENT	283,153	355,310	72,157	20%	283,153	355,310	72,157	20%
HUMAN RESOURCES	199,114	236,382	37,268	16%	199,114	236,382	37,268	16%
TECH SERVICES	1,024,710	1,038,227	13,517	1%	1,061,090	1,038,227	(22,863)	-2%
EAST REGION ADM.	103,842	287,632	183,790	64%	80,552	93,632	13,080	14%
BOWLING GREEN CENTER	1,101,437	975,725	(125,712)	-13%	1,034,352	992,422	(41,930)	-4%
DANVILLE CENTER	943,185	791,755	(151,430)	-19%	836,902	809,643	(27,259)	-3%
EAST REGION BUSINESS DEV.	128,223	151,114	22,891	15%	128,223	151,114	22,891	15%
WEST REGION ADM.	105,817	278,561	172,744	62%	82,527	84,561	2,034	2%
MADISONVILLE CENTER	687,724	609,269	(78,455)	-13%	621,252	621,780	528	0%
OWENSBORO CENTER	764,931	638,513	(126,418)	-20%	718,733	651,915	(66,818)	-10%
PADUCAH CENTER	772,566	629,966	(142,600)	-23%	715,120	655,763	(59,357)	-9%
WEST REGION BUSINESS DEV.	123,230	164,068	40,838	25%	123,230	164,068	40,838	25%
TOTAL COMPANY	6,728,104	6,709,223	(18,881)	0%	6,407,455	6,409,318	1,863	0%

R&R=Revenue/Reimbursements & Writeoffs

WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
CURRENT MONTH
FEBRUARY 1999

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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET		
	Actual	Budget	%	Actual	Budget	%	Actual	Budget	%	Actual	Budget	%	Actual	Budget	%	Actual	Budget	%	Actual	Budget	%
EXECUTIVE	7,219	10,260	30.41%	(2,739)	2,360	5.098%	45,800	50,400	9%	4,600	9%	50,281	63,020	20%	9,926	17,250	42%	827,148	1,225,672	33%	
ACCOUNTING	7,933	8,394	461	(2,288)	1,931	218%	4,281	6,925	38%	2,644	38%	1,376	6,305	78%	137	6,305	4.929%	17,250	7,324	42%	
REGULATORY AFFAIRS	6,846	5,100	(1,746)	(1,975)	1,173	3,148%	(3,495)	32	3,527	110,222%	26,195	29,296%	26,195	61,828	35,633%	26,195	61,828	58%	17,250	7,324	42%
MARKETING	10,788	11,393	605	(3,112)	2,620	2,199%	18,519	47,815	61%	29,296%	61%	23,583	41,487	43%	23,583	41,487	55%	17,904	17,904	100%	
HUMAN RESOURCES	21,957	21,540	(417)	(6,332)	4,954	22,299%	7,928	14,993	47%	7,065	47%	116,612	181,877	36%	116,612	181,877	64%	181,877	181,877	100%	
TECH SERVICES	60,889	60,568	(321)	(17,396)	13,930	31,326%	73,119	107,379	32%	34,260	32%	53,840	47,132	(14%)	53,840	47,132	14%	183,653	64,041	35%	
EAST REGION ADM.	5,546	5,913	367	(1,594)	1,360	2,954%	6,971	7,359	5%	388	5%	42,917	32,500	(32%)	42,917	32,500	32%	119,612	183,653	35%	
BOWLING GREEN CENTER	106,783	118,389	11,606	(30,398)	27,230	57,628%	43,776	40,122	(9%)	(3,654)	(9%)	(549)	(2,088)	(48%)	(549)	(2,088)	48%	153,090	54,701	36%	
DANVILLE CENTER	84,665	95,659	10,994	(24,089)	22,002	46,091%	41,207	38,075	(8%)	(3,132)	(8%)	(3,394)	(2,646)	(65%)	(3,394)	(2,646)	65%	16,835	26,537	37%	
EAST REGION MARKETING	12,257	13,351	1,094	(3,536)	3,071	6,607%	8,114	10,115	20%	2,001	20%	42,917	32,500	(10.417)	42,917	32,500	32%	53,151	46,947	(13%)	
WEST REGION ADM.	5,443	5,851	408	(1,564)	1,346	2,910%	6,355	7,250	12%	895	12%	(2,353)	(2,137)	216	(2,353)	(2,137)	64%	117,959	45,099	38%	
MADISONVILLE CENTER	71,728	76,810	5,082	(20,393)	17,666	38,059%	23,878	26,620	7%	1,742	7%	(3,988)	(871)	(871)	(3,988)	(871)	70%	127,819	41,469	32%	
OWENSBORO CENTER	85,604	84,359	(1,245)	(24,759)	19,403	44,162%	29,493	24,928	88%	21,928	88%	(10,213)	(2,443)	(7.770)	(10,213)	(2,443)	7.770%	86,550	120,814	29%	
PADUCAH CENTER	79,467	67,588	(11,879)	(22,750)	15,545	38,295%	39,046	40,124	3%	1,078	3%	12,588	29,954	58%	12,588	29,954	58%	29,954	17,366	58%	
WEST REGION MARKETING	12,710	15,003	2,293	(3,880)	3,451	7,331%	3,758	11,500	67%	7,742	67%	65,337	54,815	(10,522)	65,337	54,815	25%	827,148	1,225,672	33%	
TOTAL COMPANY	679,865	600,178	20,313	(166,804)	138,042	304,846	348,750	432,637	83,887	19%	65,337	54,815	(10,522)	65,337	54,815	25%	827,148	1,225,672	33%	398,524	33%

WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
YEAR TO DATE

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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL ACTUAL	TOTAL BUDGET	FAV/UNFAV TO BUDGET
	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%			
EXECUTIVE	93,463	75,874	(17,589)	-23%	2,118	17,451	15,333	88%	261,457	293,399	31,942	11%	32,931	(1,800)	31,131	-1730%	357,038	386,724	29,686
ACCOUNTING	41,534	41,295	(239)	-1%	517	9,499	8,982	95%	18,499	34,625	16,126	47%	(32,931)	(1,800)	31,131	-1730%	27,619	83,619	56,000
REGULATORY AFFAIRS	15,404	25,500	10,096	40%	(1,744)	5,865	7,609	130%	12,414	160	(12,254)	-7659%	160	160	(12,254)	-7659%	26,074	31,525	5,451
MARKETING	58,202	56,767	(1,435)	-3%	(275)	13,055	13,330	102%	195,224	239,231	44,007	18%	32,812	38%	32,812	18%	253,151	309,053	55,902
HUMAN RESOURCES	109,069	114,870	5,801	5%	1,409	26,419	25,010	95%	53,532	86,344	65,214	38%	65,214	38%	65,214	38%	164,010	227,633	63,623
TECH SERVICES	353,242	299,559	(53,683)	-18%	1,954	68,896	66,942	97%	502,993	568,207	62,214	11%	93,303	175,000	81,697	47%	858,189	936,662	78,473
EAST REGION ADM.	30,961	29,565	(1,396)	-5%	502	6,800	6,298	93%	38,440	49,425	10,985	22%	15,072	(27,897)	(42,969)	-45%	163,206	260,790	97,584
BOWLING GREEN CENTER	616,270	585,710	(30,560)	-5%	831	134,716	133,885	99%	231,628	246,700	15,072	6%	43,291	(29,960)	(73,251)	-48%	863,801	939,229	75,428
DANVILLE CENTER	507,912	473,745	(34,167)	-7%	2,671	108,961	106,290	98%	198,492	201,775	3,283	2%	15,072	(27,897)	(42,969)	-45%	752,366	754,521	2,155
EAST REGION MARKETING	65,326	66,353	1,027	2%	80	15,262	15,182	99%	47,068	62,765	15,697	25%	43,291	(29,960)	(73,251)	-48%	112,474	144,380	31,906
WEST REGION ADM.	30,050	29,255	(795)	-3%	375	6,730	6,355	94%	38,959	42,205	3,246	8%	93,304	175,000	81,696	47%	162,688	253,190	90,502
MADISONVILLE CENTER	393,156	379,256	(13,900)	-4%	(1,648)	87,231	88,879	102%	124,866	140,040	15,174	11%	14,649	(22,066)	(36,715)	-56%	531,023	584,461	53,438
OWENSBORO CENTER	461,203	417,834	(43,369)	-10%	(2,847)	96,104	98,951	103%	136,015	124,640	(11,375)	-9%	21,009	(23,154)	(44,163)	-56%	615,380	615,424	44
PADUCAH CENTER	405,950	334,211	(71,739)	-21%	(3,797)	76,866	80,663	105%	193,033	213,680	20,647	10%	16,606	(35,262)	(51,868)	-46%	611,792	589,495	(22,297)
WEST REGION MARKETING	72,215	75,015	2,800	4%	1,161	17,255	16,094	93%	35,626	62,550	26,924	43%	16,606	(35,262)	(51,868)	-46%	109,002	154,820	45,818
TOTAL COMPANY	3,253,957	3,004,809	(249,148)	-8%	1,307	691,110	689,803	100%	2,088,246	2,365,746	277,500	12%	264,303	209,861	(54,442)	-26%	5,607,813	6,271,526	663,713

WESTERN KENTUCKY GAS COMPANY
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	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget		
OCTOBER	706,886	599,028	(107,858)	-18%	235,400	137,777	(97,623)	-71%	437,834	514,845	77,011	15%	14,582	25,120	10,538	42%	1,394,702	1,276,770	(117,932)	-9%
NOVEMBER	634,620	599,753	(34,867)	-6%	30,444	137,944	107,500	78%	441,531	459,485	17,954	4%	(26,990)	(21,555)	5,435	25%	1,079,605	1,175,627	96,022	8%
DECEMBER	671,760	604,590	(67,170)	-11%	(117,535)	139,057	256,592	185%	415,002	468,103	53,101	11%	103,861	(11,668)	(115,529)	25%	1,073,088	1,200,082	126,994	11%
JANUARY	660,825	601,260	(59,565)	-10%	19,800	138,290	118,490	86%	445,130	490,676	45,546	9%	107,514	163,149	55,635	25%	1,233,269	1,393,375	160,106	11%
FEBRUARY	579,863	600,178	20,315	3%	(166,803)	138,042	304,845	221%	348,750	432,637	83,887	19%	65,337	54,815	(10,522)	25%	827,147	1,225,672	398,525	33%
MARCH																				
APRIL																				
MAY																				
JUNE																				
JULY																				
AUGUST																				
SEPTEMBER																				
YEAR TO DATE	3,253,964	3,004,809	(249,145)	-8%	1,306	691,110	689,804	100%	2,088,247	2,366,746	277,499	12%	264,304	209,861	(54,443)	-26%	5,607,811	6,271,626	663,715	11%

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WESTERN KENTUCKY GAS COMPANY
 O & M INFORMATION
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RESPONSIBILITY AREA	ACTUAL O&M W/O BENEFITS	BUDGETED O&M W/O BENEFITS	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)	ACTUAL O&M W/O BENEFITS & R/R	BUDGETED O&M W/O BENEFITS & R/R	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)
EXECUTIVE	354,920	369,273	14,353	4%	354,920	369,273	14,353	4%
ACCOUNTING	27,102	74,120	47,018	63%	60,033	75,920	15,887	21%
REGULATORY AFFAIRS	27,818	25,660	(2,158)	-8%	27,818	25,660	(2,158)	-8%
BUSINESS DEVELOPMENT	253,426	295,998	42,572	14%	253,426	295,998	42,572	14%
HUMAN RESOURCES	162,601	201,214	38,613	19%	162,601	201,214	38,613	19%
TECH SERVICES	866,235	867,766	11,531	1%	866,235	867,766	11,531	1%
EAST REGION ADM.	162,704	253,990	91,286	36%	69,401	78,990	9,589	12%
BOWLING GREEN CENTER	862,970	804,513	(58,457)	-7%	847,898	832,410	(15,488)	-2%
DANVILLE CENTER	749,695	645,560	(104,135)	-16%	706,404	675,520	(30,884)	-5%
EAST REGION BUSINESS DEV.	112,394	129,118	16,724	13%	112,394	129,118	16,724	13%
WEST REGION ADM.	162,313	246,460	84,147	34%	69,009	71,460	2,451	3%
MADISONVILLE CENTER	532,671	497,230	(35,441)	-7%	518,022	519,296	1,274	0%
OWENSBORO CENTER	618,227	519,320	(98,907)	-19%	597,218	542,474	(54,744)	-10%
PADUCAH CENTER	615,589	512,629	(102,960)	-20%	598,983	547,891	(51,092)	-9%
WEST REGION BUSINESS DEV.	107,841	137,565	29,724	22%	107,841	137,565	29,724	22%
TOTAL COMPANY	5,606,506	5,580,416	(26,090)	0%	5,342,203	5,370,555	28,352	1%

P&R=Revenue/Reimbursements & Writeoffs

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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL ACTUAL	TOTAL BUDGET	FAV/UNFAV TO BUDGET
	Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget					
EXECUTIVE	10,108	10,769	661	6%	142	2,477	2,335	94%	44,260	50,000	5,740	11%					54,510	63,246	8,736
ACCOUNTING	8,396	8,394	(2)	0%	267	1,931	1,664	86%	(6,837)	6,925	13,762	199%	(1,293)	(1,200)	93		533	16,050	15,517
REGULATORY AFFAIRS	8,558	5,100	(3,458)	-88%	231	1,173	942	80%	5,441	32	(5,409)	-16903%					14,230	6,305	(7,925)
BUSINESS DEVELOPMENT	11,327	11,393	66	1%	364	2,620	2,256	86%	45,670	47,971	2,301	5%					57,361	61,984	4,623
HUMAN RESOURCES	23,120	22,610	(510)	-2%	735	5,200	4,465	86%	8,702	28,104	19,402	69%					32,557	55,914	23,357
TECH SERVICES	70,960	60,568	(10,392)	-17%	2,160	13,930	11,770	84%	109,373	110,879	1,506	1%					182,493	185,377	2,884
EAST REGION ADM.	5,823	5,913	90	2%	184	1,360	1,176	86%	6,553	9,729	3,136	32%	65,579	90,000	24,421	27%	78,179	107,002	28,823
BOWLING GREEN CENTER	122,637	118,236	(4,401)	-4%	3,655	27,195	23,540	87%	57,254	70,339	13,085	19%	(5,784)	(3,535)	2,249	48%	177,762	212,235	34,473
DANVILLE CENTER	100,450	95,594	(4,856)	-5%	3,031	21,987	18,956	86%	43,727	41,075	(2,652)	-6%	(3,261)	(2,578)	683	2%	143,947	156,078	12,131
EAST REGION BUSINESS DEV.	12,888	13,351	463	3%	413	3,071	2,658	87%	8,169	11,540	3,371	29%					21,470	27,962	6,492
WEST REGION ADM.	5,715	5,851	136	2%	180	1,346	1,166	87%	3,762	7,810	4,048	52%	65,579	90,000	24,421	27%	75,236	105,007	29,771
MADISONVILLE CENTER	83,229	76,649	(6,580)	-9%	2,492	17,529	15,147	86%	34,811	25,620	(9,191)	-36%	(7,550)	(2,957)	4,593	64%	112,972	116,941	3,969
OWENSBORO CENTER	95,993	84,333	(11,660)	-14%	2,871	19,397	16,526	85%	26,590	24,928	(1,662)	-7%	(2,950)	(2,316)	634	7%	122,504	126,342	3,838
PADUCAH CENTER	87,143	67,496	(19,647)	-29%	2,622	15,523	12,901	83%	40,934	44,224	3,290	7%	(2,806)	(4,265)	(1,459)	-71%	127,893	122,978	(4,915)
WEST REGION BUSINESS DEV.	14,480	15,003	523	3%	464	3,451	2,987	87%	16,681	11,500	(5,181)	-45%					31,625	29,954	(1,671)
TOTAL COMPANY	660,827	601,280	(59,567)	-10%	19,801	138,290	118,489	86%	445,130	490,676	45,546	9%	107,514	163,149	55,635	25%	1,233,272	1,393,375	160,103

WESTERN KENTUCKY GAS COMPANY
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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%
EXECUTIVE	86,244	65,614	(20,630)	-31%	4,856	15,091	10,235	68%	215,658	242,999	27,341	11%	306,758	323,704	16,946	5%				
ACCOUNTING	33,601	32,901	(700)	-2%	2,806	7,568	4,762	63%	14,219	27,700	13,481	49%	(32,931)	(1,800)	31,131	17,695	66,369	48,674	73%	
REGULATORY AFFAIRS	8,558	20,400	11,842	58%	231	4,692	4,461	95%	15,909	128	(15,781)	-12329%	24,698	25,220	522	2%				
BUSINESS DEVELOPMENT	47,414	45,374	(2,040)	-4%	2,837	10,435	7,598	73%	176,704	191,416	14,712	8%	226,955	247,225	20,270	8%				
HUMAN RESOURCES	87,082	93,330	6,248	7%	7,741	21,465	13,724	64%	45,603	71,351	25,748	36%	140,426	186,146	45,720	25%				
TECH SERVICES	292,353	238,991	(53,362)	-22%	19,350	54,966	35,616	65%	429,874	460,828	30,954	7%	741,577	754,785	13,208	2%				
EAST REGION ADM.	25,416	23,652	(1,764)	-7%	2,096	5,440	3,344	61%	31,470	42,066	10,596	25%	50,387	142,500	92,113	109,369	213,658	104,289	49%	
BOWLING GREEN CENTER	509,487	467,321	(42,166)	-9%	31,230	107,486	76,256	71%	187,851	206,578	18,727	9%	15,621	(25,809)	(41,430)	744,189	755,576	11,387	2%	
DANVILLE CENTER	423,247	378,086	(45,161)	-12%	26,760	86,959	60,199	69%	157,287	163,700	6,413	4%	46,684	(27,314)	(73,998)	653,978	601,431	(52,547)	-9%	
EAST REGION BUSINESS DEV.	53,069	53,002	(67)	0%	3,615	12,191	8,576	70%	38,954	52,650	13,696	26%	50,387	142,500	92,113	95,638	117,843	22,205	19%	
WEST REGION ADM.	24,607	23,404	(1,203)	-5%	1,939	5,384	3,445	64%	32,604	34,955	2,351	7%	50,387	142,500	92,113	109,537	206,243	96,706	47%	
MADISONVILLE CENTER	321,428	302,446	(18,982)	-6%	18,745	69,565	50,820	73%	100,988	114,420	13,432	12%	17,001	(19,929)	(36,930)	458,162	466,502	8,340	2%	
OWENSBORO CENTER	375,598	333,475	(42,123)	-13%	21,912	76,701	54,789	71%	106,523	99,712	(6,811)	-7%	24,997	(22,283)	(47,280)	529,030	487,605	(41,425)	-8%	
PADUCAH CENTER	326,482	266,623	(59,859)	-22%	18,953	61,321	42,368	69%	153,987	173,556	19,569	11%	26,819	(32,819)	(59,638)	526,241	468,681	(57,560)	-12%	
WEST REGION BUSINESS DEV.	59,505	60,012	507	1%	5,041	13,804	8,763	63%	31,869	51,050	19,181	38%	96,415	124,866	28,451	23%				
TOTAL COMPANY	2,674,091	2,404,631	(269,460)	-11%	168,112	553,068	384,956	70%	1,739,500	1,933,109	193,609	10%	198,965	155,046	(43,919)	4,780,668	5,045,854	265,186	5%	

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	LABOR		FAV/UNFAV		BENEFITS		FAV/UNFAV		NON-LABOR		FAV/UNFAV		REV/REIMB		FAV/UNFAV		TOTAL		FAV/UNFAV	
	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%	Actual	Budget	TO BUDGET	%
OCTOBER	706,886	599,028	(107,858)	-18%	235,400	137,777	(97,623)	-71%	437,834	514,845	77,011	15%	14,582	25,120	10,538	42%	1,394,702	1,276,770	(117,932)	-9%
NOVEMBER	634,620	599,753	(34,867)	-5%	30,444	137,944	107,500	78%	441,531	459,485	17,954	4%	(26,990)	(21,555)	5,435	25%	1,079,605	1,175,627	96,022	8%
DECEMBER	671,760	604,590	(67,170)	-11%	(117,535)	139,057	256,592	185%	415,002	488,103	53,101	11%	103,861	(11,668)	(115,529)	-25%	1,073,088	1,200,082	126,994	11%
JANUARY	660,825	601,260	(59,565)	-10%	19,800	138,290	118,490	86%	445,130	490,676	45,546	9%	107,514	163,149	55,635	25%	1,233,269	1,393,375	160,106	11%
FEBRUARY																				
MARCH																				
APRIL																				
MAY																				
JUNE																				
JULY																				
AUGUST																				
SEPTEMBER																				
YEAR TO DATE	2,674,091	2,404,631	(269,460)	-11%	168,109	553,068	384,959	70%	1,739,497	1,933,109	193,612	10%	198,967	155,046	(43,921)	-28%	4,780,664	5,045,854	265,190	5%

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WESTERN KENTUCKY GAS COMPANY
O & M INFORMATION
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RESPONSIBILITY AREA	ACTUAL O&M W/O BENEFITS		BUDGETED O&M W/O BENEFITS		FAV/UNFAV TO BUDGET		PERCENT FAV/(UNFAV)		ACTUAL O&M W/O BENEFITS & R/R	BUDGETED O&M W/O BENEFITS & R/R		FAV/UNFAV TO BUDGET		PERCENT FAV/(UNFAV)		
EXECUTIVE	301,902	308,613	6,711	2%	301,902	308,613	6,711	2%	47,820	60,801	12,781	21%	301,902	308,613	6,711	2%
ACCOUNTING	14,889	58,801	43,912	75%	47,820	60,801	12,781	21%	24,467	20,528	(3,939)	-19%	132,685	164,681	31,996	19%
REGULATORY AFFAIRS	24,467	20,528	(3,939)	-19%	24,467	20,528	(3,939)	-19%	224,118	236,790	12,672	5%	224,118	236,790	12,672	5%
BUSINESS DEVELOPMENT	224,118	236,790	12,672	5%	224,118	236,790	12,672	5%	132,685	164,681	31,996	19%	132,685	164,681	31,996	19%
HUMAN RESOURCES	132,685	164,681	31,996	19%	132,685	164,681	31,996	19%	722,227	699,819	(22,408)	-3%	722,227	699,819	(22,408)	-3%
TECH SERVICES	722,227	699,819	(22,408)	-3%	722,227	699,819	(22,408)	-3%	107,273	208,218	100,945	48%	107,273	208,218	100,945	48%
EAST REGION ADM.	107,273	208,218	100,945	48%	56,886	65,718	8,832	13%	712,959	648,090	(64,869)	-10%	697,338	673,899	(23,439)	-3%
BOWLING GREEN CENTER	712,959	648,090	(64,869)	-10%	697,338	673,899	(23,439)	-3%	627,218	514,472	(112,746)	-22%	580,534	541,786	(38,748)	-7%
DANVILLE CENTER	627,218	514,472	(112,746)	-22%	580,534	541,786	(38,748)	-7%	92,023	105,652	13,629	13%	92,023	105,652	13,629	13%
EAST REGION BUSINESS DEV.	92,023	105,652	13,629	13%	92,023	105,652	13,629	13%	107,598	200,859	93,261	46%	107,598	200,859	93,261	46%
WEST REGION ADM.	107,598	200,859	93,261	46%	57,211	58,359	1,148	2%	439,417	396,937	(42,480)	-11%	439,417	396,937	(42,480)	-11%
MADISONVILLE CENTER	439,417	396,937	(42,480)	-11%	422,416	416,866	(5,550)	-1%	507,118	410,904	(96,214)	-23%	482,121	433,187	(48,934)	-11%
OWENSBORO CENTER	507,118	410,904	(96,214)	-23%	482,121	433,187	(48,934)	-11%	507,288	407,360	(99,928)	-25%	480,469	440,179	(40,290)	-9%
PADUCAH CENTER	507,288	407,360	(99,928)	-25%	480,469	440,179	(40,290)	-9%	91,374	111,062	19,688	18%	91,374	111,062	19,688	18%
WEST REGION BUSINESS DEV.	91,374	111,062	19,688	18%	91,374	111,062	19,688	18%	4,612,556	4,492,786	(119,770)	-3%	4,413,591	4,337,740	(75,851)	-2%
TOTAL COMPANY	4,612,556	4,492,786	(119,770)	-3%	4,413,591	4,337,740	(75,851)	-2%								

R&R=Revenue/Reimbursements & Writeoffs

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RESPONSIBILITY MANAGEMENT REPORT
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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget		
EXECUTIVE	22,167	18,802	(3,365)	-18%	(800)	4,324	5,124	119%	61,413	63,999	2,586	4%	(30,972)	30,972	(30,972)	30,972	82,780	87,125	4,345	5%
ACCOUNTING	8,742	8,169	(573)	-7%	(1,568)	1,879	3,447	183%	6,688	6,925	237	3%					(17,110)	16,973	34,083	201%
REGULATORY AFFAIRS	-	5,100	5,100	100%	-	1,173	1,173	100%	4,605	32	(4,573)	-14291%					4,605	6,305	1,700	27%
BUSINESS DEVELOPMENT	12,906	11,393	(1,513)	-13%	(2,294)	2,620	4,914	188%	40,848	47,815	6,967	15%					51,460	61,828	10,368	17%
HUMAN RESOURCES	16,620	24,640	8,020	33%	(3,328)	5,667	8,995	159%	15,443	18,955	3,512	19%					28,735	49,262	20,527	42%
TECH SERVICES	73,982	59,786	(14,196)	-24%	(13,509)	13,751	27,260	187%	115,882	112,329	(3,553)	-3%					176,355	185,866	9,511	5%
EAST REGION ADM.	6,376	5,913	(463)	-8%	(1,139)	1,360	2,499	184%	7,064	7,379	315	4%	(37,554)	(6,000)	(6,000)	31,554	(25,253)	8,652	33,905	
BOWLING GREEN CENTER	127,963	116,753	(11,210)	-9%	(23,354)	26,854	50,208	187%	34,359	41,397	7,038	17%	33,797	591	591	(33,206)	172,765	185,595	12,830	7%
DANVILLE CENTER	108,636	94,402	(14,234)	-15%	(19,276)	21,712	40,988	189%	28,851	39,275	10,424	27%	62,680	(154)	(154)	(62,834)	180,891	155,235	(25,656)	-17%
EAST REGION BUSINESS DEV.	13,988	13,217	(771)	-6%	(2,510)	3,040	5,550	183%	13,951	11,655	(2,296)	-20%					25,429	27,912	2,483	9%
WEST REGION ADM.	6,260	5,851	(409)	-7%	(1,118)	1,346	2,464	183%	9,347	7,790	(1,557)	-20%	(37,554)	(6,000)	(6,000)	31,554	(23,065)	8,987	32,052	
MADISONVILLE CENTER	82,613	75,396	(7,217)	-10%	(14,967)	17,342	32,309	186%	16,675	28,520	11,845	42%	32,177	670	670	(31,507)	116,498	121,928	5,430	4%
OWENSBORO CENTER	94,029	83,319	(10,710)	-13%	(17,301)	19,164	36,465	190%	27,995	24,928	(3,067)	-12%	36,786	151	151	(36,635)	141,509	127,562	(13,947)	-11%
PADUCAH CENTER	81,787	66,846	(14,941)	-22%	(14,888)	15,374	30,262	197%	35,616	45,604	9,988	22%	44,501	(926)	(926)	(45,427)	147,016	126,898	(20,118)	-16%
WEST REGION BUSINESS DEV.	15,690	15,003	(687)	-5%	(1,482)	3,451	4,933	143%	(3,730)	11,500	15,230	132%					10,478	29,954	19,476	65%
TOTAL COMPANY	671,759	604,590	(67,169)	-11%	(117,534)	139,057	256,591	185%	415,007	468,103	53,096	11%	103,861	(11,668)	(11,668)	(115,529)	1,073,093	1,200,082	126,989	11%

WESTERN KENTUCKY GAS COMPANY
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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%	Actual	Budget	%	%
EXECUTIVE	76,137	54,845	(21,292)	-39%	4,714	12,614	7,900	63%	171,386	192,999	21,603	11%	252,247	260,458	8,211	3%				
ACCOUNTING	25,205	24,507	(698)	(998)	2,532	5,637	3,099	21,055	20,775	(280)	(31,638)	(600)	31,038	17,160	50,319	33,159	66%			
REGULATORY AFFAIRS	-	15,300	15,300	100%	-	3,519	3,519	100%	10,468	96	(10,372)	-10804%	10,468	18,915	8,447	8447	45%			
BUSINESS DEVELOPMENT	36,087	33,981	(2,106)	-6%	2,473	7,815	5,342	131,033	143,445	12,412	9%	169,593	185,241	15,648	8%					
HUMAN RESOURCES	63,963	70,720	6,757	10%	7,006	16,265	9,259	36,901	43,247	6,346	15%	107,870	130,232	22,362	17%					
TECH SERVICES	221,392	178,423	(42,969)	-24%	17,190	41,036	23,846	320,500	349,949	29,449	8%	559,082	569,408	10,326	2%					
EAST REGION ADM.	19,594	17,739	(1,855)	-10%	1,912	4,080	2,168	24,877	32,337	7,460	23%	(15,193)	52,500	67,693	31,190	106,656	75,466	71%		
BOWLING GREEN CENTER	386,850	349,085	(37,765)	-10%	27,575	80,291	52,716	130,595	136,239	5,644	4%	21,406	(22,274)	(43,680)	566,426	543,341	(23,085)			
DANVILLE CENTER	322,796	282,492	(40,304)	-14%	23,729	64,972	41,243	113,560	122,625	9,065	8%	49,946	(24,736)	(74,682)	510,031	445,353	(64,678)	-15%		
EAST REGION BUSINESS DEV.	40,181	39,651	(530)	-1%	3,202	9,120	5,918	30,785	41,110	10,325	7%	74,168	89,881	15,713	17%					
WEST REGION ADM.	18,891	17,553	(1,338)	-8%	1,759	4,038	2,279	28,842	27,145	(1,697)	25%	(15,193)	52,500	67,693	34,299	101,236	66,937	66%		
MADISONVILLE CENTER	238,199	225,797	(12,402)	-5%	16,263	51,936	35,673	66,178	88,800	22,622	25%	24,552	(16,972)	(41,524)	345,192	349,561	4,369	1%		
OWENSBORO CENTER	279,606	249,142	(30,464)	-12%	19,041	57,304	38,263	79,934	74,784	(5,150)	-7%	27,947	(19,967)	(47,914)	406,528	361,263	(45,265)	-13%		
PADUCAH CENTER	239,340	199,127	(40,213)	-20%	16,330	45,798	29,468	113,055	129,332	16,277	13%	29,626	(28,554)	(58,180)	398,351	345,703	(52,648)	-15%		
WEST REGION BUSINESS DEV.	45,025	45,009	(16)	0%	4,577	10,353	5,776	15,188	39,550	24,362	62%	64,790	94,912	30,122	32%					
TOTAL COMPANY	2,013,266	1,803,371	(209,895)	-12%	148,309	414,778	266,469	1,294,367	1,442,433	148,066	10%	91,453	(8,103)	(99,556)	3,547,395	3,662,479	105,084	3%		

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 RESPONSIBILITY MANAGEMENT REPORT
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	LABOR		FAV/UNFAV TO BUDGET	BENEFITS		FAV/UNFAV TO BUDGET	NON-LABOR		FAV/UNFAV TO BUDGET	REV/REIMB		FAV/UNFAV TO BUDGET	TOTAL		FAV/UNFAV TO BUDGET
	Actual	Budget		Actual	Budget		Actual	Budget		Actual	Budget		Actual	Budget	
OCTOBER	706,886	599,028	(107,858) -18%	235,400	137,777	(97,623) -71%	437,834	514,845	77,011 15%	14,582	25,120	10,538 42%	1,394,702	1,275,770	(117,932) -9%
NOVEMBER	634,620	599,753	(34,867) -6%	30,444	137,944	107,500 78%	441,531	459,485	17,954 4%	(26,990)	(21,555)	5,435 25%	1,079,605	1,175,627	96,022 8%
DECEMBER	671,760	604,590	(67,170) -11%	(117,535)	139,057	256,592 185%	415,002	468,103	53,101 11%	103,861	(11,668)	(115,529) 25%	1,073,088	1,200,082	126,994 11%
JANUARY															
FEBRUARY															
MARCH															
APRIL															
MAY															
JUNE															
JULY															
AUGUST															
SEPTEMBER															
YEAR TO DATE	2,013,266	1,803,371	(209,895) -12%	148,309	414,778	266,469 64%	1,294,367	1,442,433	148,066 10%	91,453	(8,103)	(99,566) 1229%	3,547,395	3,652,479	105,084 3%

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WESTERN KENTUCKY GAS COMPANY
O & M INFORMATION
3 MONTHS - YEAR TO DATE

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RESPONSIBILITY AREA	ACTUAL O&M W/O BENEFITS	BUDGETED O&M W/O BENEFITS	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)	ACTUAL O&M W/O BENEFITS & R/R	BUDGETED O&M W/O BENEFITS & R/R	FAV/UNFAV TO BUDGET	PERCENT FAV/(UNFAV)
EXECUTIVE	247,533	247,844	311	0%	247,533	247,844	311	0%
ACCOUNTING	14,622	44,682	30,060	67%	46,260	45,282	(978)	-2%
REGULATORY AFFAIRS	10,468	15,396	4,928	32%	10,468	15,396	4,928	32%
BUSINESS DEVELOPMENT	167,120	177,426	10,306	6%	167,120	177,426	10,306	6%
HUMAN RESOURCES	100,864	113,967	13,103	11%	100,864	113,967	13,103	11%
TECH SERVICES	541,892	528,372	(13,520)	-3%	541,892	528,372	(13,520)	-3%
EAST REGION ADM.	29,278	102,576	73,298	71%	44,471	50,076	5,605	11%
BOWLING GREEN CENTER	538,851	463,050	(75,801)	-16%	517,445	485,324	(32,121)	-7%
DANVILLE CENTER	486,302	380,381	(105,921)	-28%	436,356	405,117	(31,239)	-8%
EAST REGION BUSINESS DEV.	70,966	80,761	9,795	12%	70,966	80,761	9,795	12%
WEST REGION ADM.	32,540	97,198	64,658	67%	47,733	44,698	(3,035)	-7%
MADISONVILLE CENTER	328,929	297,625	(31,304)	-11%	304,377	314,597	10,220	3%
OWENSBORO CENTER	387,487	303,959	(83,528)	-27%	359,540	323,926	(35,614)	-11%
PADUCAH CENTER	382,021	299,905	(82,116)	-27%	352,395	328,459	(23,936)	-7%
WEST REGION BUSINESS DEV.	60,213	84,559	24,346	29%	60,213	84,559	24,346	29%
TOTAL COMPANY	3,399,086	3,237,701	(161,385)	-5%	3,307,633	3,245,804	(61,829)	-2%

R&R=Revenue/Reimbursements & Writeoffs

WESTERN KENTUCKY GAS COMPANY
RESPONSIBILITY MANAGEMENT REPORT
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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget		
EXECUTIVE	42,329	17,819	(24,510)	-138%	980	4,098	3,118	76%	57,444	64,600	7,156	11%	-	-	-	100,753	86,517	(14,236)	-16%	
ACCOUNTING	7,982	8,169	187	2%	425	1,879	1,454	77%	6,577	6,925	348	5%	-	-	-	14,984	16,973	1,989	12%	
REGULATORY AFFAIRS	-	5,100	5,100	100%	-	1,173	1,173	100%	4,501	32	(4,469)	-13966%	-	-	-	4,501	6,305	1,804	29%	
BUSINESS DEVELOPMENT	11,327	11,393	66	1%	584	2,620	2,036	78%	44,546	47,815	3,269	7%	-	-	-	56,457	61,828	5,371	9%	
HUMAN RESOURCES	22,908	22,510	(398)	-2%	1,195	5,177	3,982	77%	10,327	7,216	(3,111)	-43%	-	-	-	34,430	34,903	473	1%	
TECH SERVICES	67,945	59,356	(8,589)	-14%	3,423	13,651	10,228	75%	122,335	111,979	(10,356)	-9%	-	-	-	193,703	184,986	(8,717)	-5%	
EAST REGION ADM.	5,823	5,913	90	2%	304	1,360	1,056	78%	11,248	11,729	481	4%	-	-	-	17,375	46,502	29,127	63%	
BOWLING GREEN CENTER	120,283	116,163	(4,120)	-4%	5,949	26,718	20,769	78%	38,220	39,157	937	2%	(7,751)	(15,050)	(7,299)	156,701	166,988	10,287	6%	
DANVILLE CENTER	93,677	94,169	492	1%	4,686	21,659	16,973	78%	42,165	39,475	(2,690)	-7%	(5,545)	(16,058)	(10,513)	134,983	139,245	4,262	3%	
EAST REGION BUSINESS DEV.	12,772	13,217	445	3%	680	3,040	2,360	78%	3,962	13,215	9,253	70%	-	-	-	17,414	29,472	12,058	41%	
WEST REGION ADM.	5,715	5,851	136	2%	298	1,346	1,048	78%	11,496	7,750	(3,746)	-48%	-	-	-	17,509	42,447	24,938	59%	
MADISONVILLE CENTER	70,712	75,240	4,528	6%	3,459	17,306	13,837	80%	22,345	30,140	7,795	26%	(4,013)	(11,421)	(7,408)	92,513	111,265	18,752	17%	
OWENSBORO CENTER	86,176	83,071	(3,105)	-4%	4,240	19,107	14,867	78%	23,098	24,928	1,830	7%	(3,729)	(12,823)	(9,094)	109,785	114,283	4,498	4%	
PADUCAH CENTER	72,645	66,779	(5,866)	-8%	3,594	15,359	11,765	77%	39,171	40,774	1,603	4%	(5,963)	(21,203)	(15,250)	109,457	101,709	(7,748)	-8%	
WEST REGION BUSINESS DEV.	14,326	15,003	677	5%	617	3,451	2,834	82%	4,104	13,750	9,646	70%	-	-	-	19,047	32,204	13,157	41%	
TOTAL COMPANY	634,620	599,753	(34,867)	-6%	30,444	137,944	107,500	78%	441,539	459,485	17,946	4%	(26,991)	(21,555)	5,436	25%	1,079,612	1,175,627	96,015	8%

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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget			Actual	Budget		
EXECUTIVE	53,969	36,043	(17,926)	-50%	5,514	8,290	2,776	33%	109,984	129,000	19,016	15%	169,467	173,333	3,866	2%	169,467	173,333	3,866	2%
ACCOUNTING	16,463	16,338	(125)	-1%	4,107	3,758	(349)	-9%	14,367	13,850	(517)	-4%	(655)	(600)	65	-11%	34,272	33,346	(926)	-3%
REGULATORY AFFAIRS	-	10,200	10,200	100%	-	2,346	2,346	100%	5,865	64	(5,801)	-9064%	64	64	5,865	-11%	5,865	12,610	6,745	53%
BUSINESS DEVELOPMENT	23,181	22,588	(593)	-3%	4,768	5,195	427	8%	90,185	95,630	5,445	6%	118,134	123,413	5,279	4%	118,134	123,413	5,279	4%
HUMAN RESOURCES	47,343	46,080	(1,263)	-3%	10,334	10,598	264	2%	21,458	24,292	2,834	12%	79,135	80,970	1,835	2%	79,135	80,970	1,835	2%
TECH SERVICES	147,410	118,637	(28,773)	-24%	30,699	27,285	(3,414)	-13%	204,618	237,620	33,002	14%	22,361	58,500	36,139	62%	382,727	383,542	815	0%
EAST REGION ADM.	13,216	11,828	(1,390)	-12%	3,052	2,720	(332)	-12%	17,813	24,958	7,145	29%	58,500	58,500	0	0%	56,442	98,004	41,562	42%
BOWLING GREEN CENTER	258,886	232,332	(26,554)	-11%	50,929	53,437	2,508	5%	96,237	94,842	(1,395)	-29%	(12,392)	(22,865)	(10,473)	-45%	393,660	357,746	(35,914)	-10%
DANVILLE CENTER	214,180	188,090	(26,070)	-14%	43,005	43,280	255	1%	84,709	83,350	(1,359)	-2%	(12,734)	(24,582)	(11,848)	-48%	329,140	290,118	(39,022)	-13%
EAST REGION BUSINESS DEV.	26,193	26,434	241	1%	5,712	6,080	368	6%	16,835	29,455	12,620	43%	48,740	61,969	13,229	21%	48,740	61,969	13,229	21%
WEST REGION ADM.	12,632	11,702	(930)	-8%	2,877	2,692	(185)	-7%	19,496	19,355	(141)	-1%	22,361	58,500	36,139	62%	57,366	92,249	34,883	38%
MADISONVILLE CENTER	155,588	150,401	(5,187)	-3%	31,230	34,594	3,364	10%	49,503	60,280	10,777	18%	(7,625)	(17,642)	(10,017)	-56%	228,696	227,633	(1,063)	0%
OWENSBORO CENTER	185,577	165,823	(19,754)	-12%	36,342	38,140	1,798	5%	51,938	49,856	(2,082)	-4%	(8,839)	(20,118)	(11,279)	-56%	265,018	233,701	(31,317)	-13%
PADUCAH CENTER	157,554	132,281	(25,273)	-19%	31,218	30,424	(794)	-3%	77,438	83,728	6,290	8%	(14,876)	(27,628)	(12,752)	-46%	251,334	218,805	(32,529)	-15%
WEST REGION BUSINESS DEV.	29,335	30,006	671	2%	6,059	6,902	843	12%	18,919	28,050	9,131	33%	54,313	64,958	10,645	16%	54,313	64,958	10,645	16%
TOTAL COMPANY	1,341,507	1,198,781	(142,726)	-12%	265,846	275,721	9,875	4%	879,365	974,330	94,965	10%	(12,409)	3,565	15,974	448%	2,474,309	2,462,397	(21,912)	-1%

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	LABOR		FAV/UNFAV		BENEFITS		FAV/UNFAV		NON-LABOR		FAV/UNFAV		REV/REMB		FAV/UNFAV		TOTAL		FAV/UNFAV			
	Actual	Budget	TO BUDGET	Actual	Budget	TO BUDGET	Actual	Budget	TO BUDGET	Actual	Budget	TO BUDGET	Actual	Budget	TO BUDGET	ACTUAL	BUDGET	TO BUDGET	Actual	Budget	TO BUDGET	
OCTOBER	706,886	599,028	(107,858) -18%	236,400	137,777	(97,623) -71%	437,334	514,845	77,011 15%	14,582	25,120	10,538 42%	1,394,702	1,276,770	(117,932) -9%							
NOVEMBER	634,620	599,753	(34,867) -6%	30,444	137,944	107,500 78%	441,531	459,485	17,954 4%	(26,990)	(21,555)	5,435 25%	1,079,605	1,175,627	96,022 8%							
DECEMBER																						
JANUARY																						
FEBRUARY																						
MARCH																						
APRIL																						
MAY																						
JUNE																						
JULY																						
AUGUST																						
SEPTEMBER																						
YEAR TO DATE	1,341,506	1,198,781	(142,725) -12%	285,844	275,721	9,877 4%	879,365	974,330	94,965 10%	(12,408)	3,565	15,973 448%	2,474,307	2,452,397	(21,910) -1%							

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WESTERN KENTUCKY GAS COMPANY
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RESPONSIBILITY AREA	LABOR		FAV/UNFAV TO BUDGET		BENEFITS		FAV/UNFAV TO BUDGET		NON-LABOR		FAV/UNFAV TO BUDGET		REV/REIMB		FAV/UNFAV TO BUDGET		TOTAL		FAV/UNFAV TO BUDGET	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
EXECUTIVE	11,640	18,224	6,584	4,534	4,192	(342)	52,540	64,400	11,860	18%	(665)	(600)	68,714	86,816	18,102	21%	19,288	16,373	86,816	18,102
ACCOUNTING	8,481	3,189	(312)	3,682	1,879	(1,803)	7,790	6,926	(865)	-12%	(665)	(600)	19,288	16,373	(2,915)	-18%			19,288	(2,915)
REGULATORY AFFAIRS	-	5,100	5,100	-	1,173	1,173	1,364	32	(1,332)	-100%			1,364	6,305	4,941	-18%			1,364	4,941
BUSINESS DEVELOPMENT	11,884	11,195	(659)	4,184	2,575	(1,609)	45,639	47,815	-2,176	-4.6%			61,677	61,585	92	78%			61,677	92
HUMAN RESOURCES	24,434	23,570	(864)	9,139	5,421	(3,718)	11,133	17,076	5,943	35%			44,706	46,067	1,361	3%			44,706	1,361
TECH SERVICES	73,466	59,281	(20,185)	27,275	13,634	(13,641)	82,284	125,641	43,357	35%			189,025	198,556	9,531	5%			189,025	9,531
EAST REGION ADM	7,384	5,913	(1,481)	2,748	1,380	(1,388)	6,565	13,229	6,664	50%			22,361	31,000	8,639	28%			22,361	8,639
BOWLING GREEN CENTER	133,604	116,169	(22,435)	44,980	26,719	(18,261)	58,018	55,065	(2,953)	-4%			(4,641)	(7,815)	(3,174)	-41%			236,961	(3,174)
DANVILLE CENTER	120,484	93,921	(26,563)	38,319	21,601	(16,718)	42,543	43,875	1,332	3%			(7,190)	(8,524)	(1,334)	-16%			194,156	(1,334)
EAST REGION BUSINESS DEV.	13,421	13,217	(204)	5,032	3,040	(1,992)	12,873	16,240	3,367	21%			31,326	32,497	1,171	4%			31,326	1,171
WEST REGION ADM.	6,917	5,851	(1,066)	2,579	1,346	(1,233)	8,000	11,605	3,605	31%			22,361	31,000	8,639	28%			39,857	8,639
MADISONVILLE CENTER	84,875	75,161	(9,714)	27,761	17,288	(10,473)	27,158	30,140	2,982	10%			(3,612)	(6,221)	(2,609)	-42%			136,182	(2,609)
OWENSBORO CENTER	39,401	82,752	(16,649)	32,102	19,033	(13,069)	28,841	24,928	(3,913)	-16%			(5,110)	(7,295)	(2,185)	-30%			155,234	(2,185)
PADUCAH CENTER	64,908	65,502	(19,406)	27,624	15,065	(12,559)	38,267	42,964	4,687	11%			(8,923)	(6,425)	2,498	39%			141,876	2,498
WEST REGION BUSINESS DEV.	15,007	15,003	(4)	5,442	3,451	(1,991)	14,815	14,300	(515)	-4%			35,264	32,754	(2,510)	-8%			35,264	(2,510)
TOTAL COMPANY	706,886	599,028	(107,858)	236,401	137,777	(97,624)	437,830	514,845	77,015	15%			14,581	25,120	10,539	42%			1,394,698	10,539
			-18%			-71%										42%			1,276,770	(117,928)

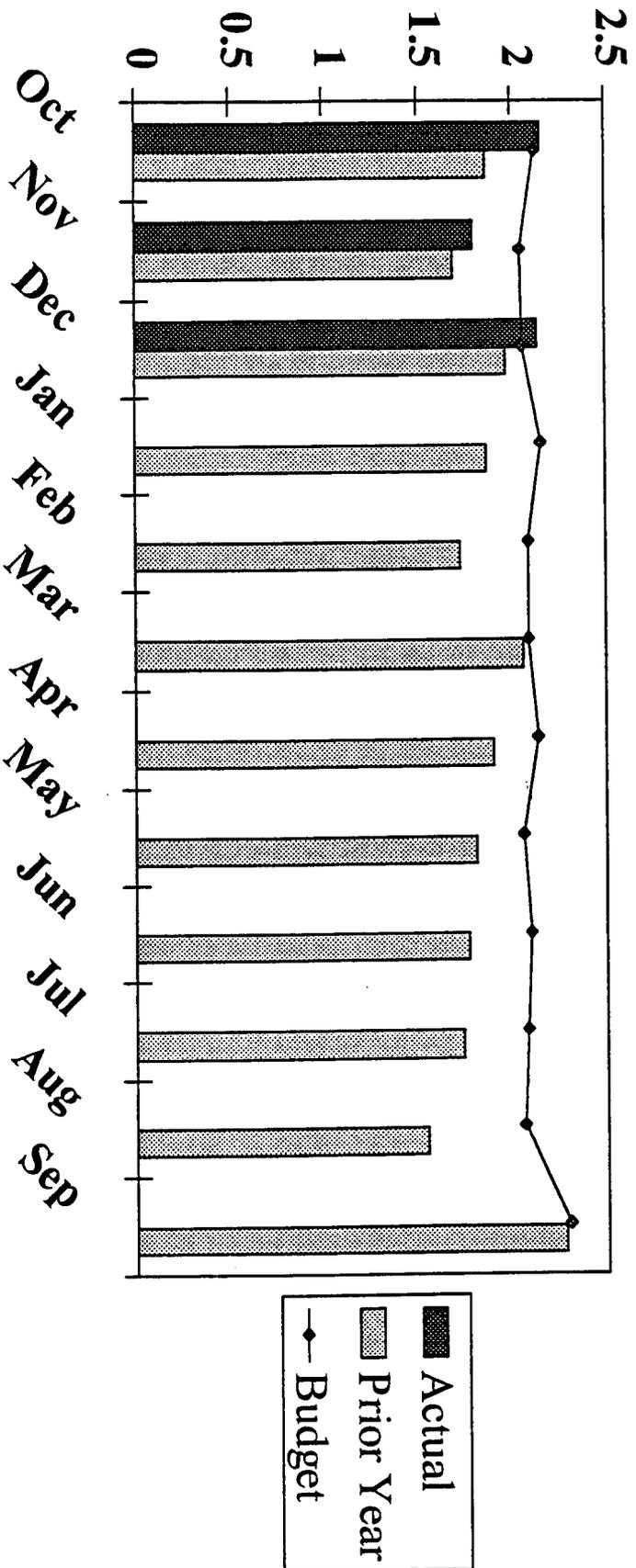
DR 176
Page 33 of 33
Sch A



O&M by Month (Direct & SSU)

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Page 1 of 6
Sep 86

Fiscal Year 1999, 1st Quarter Review



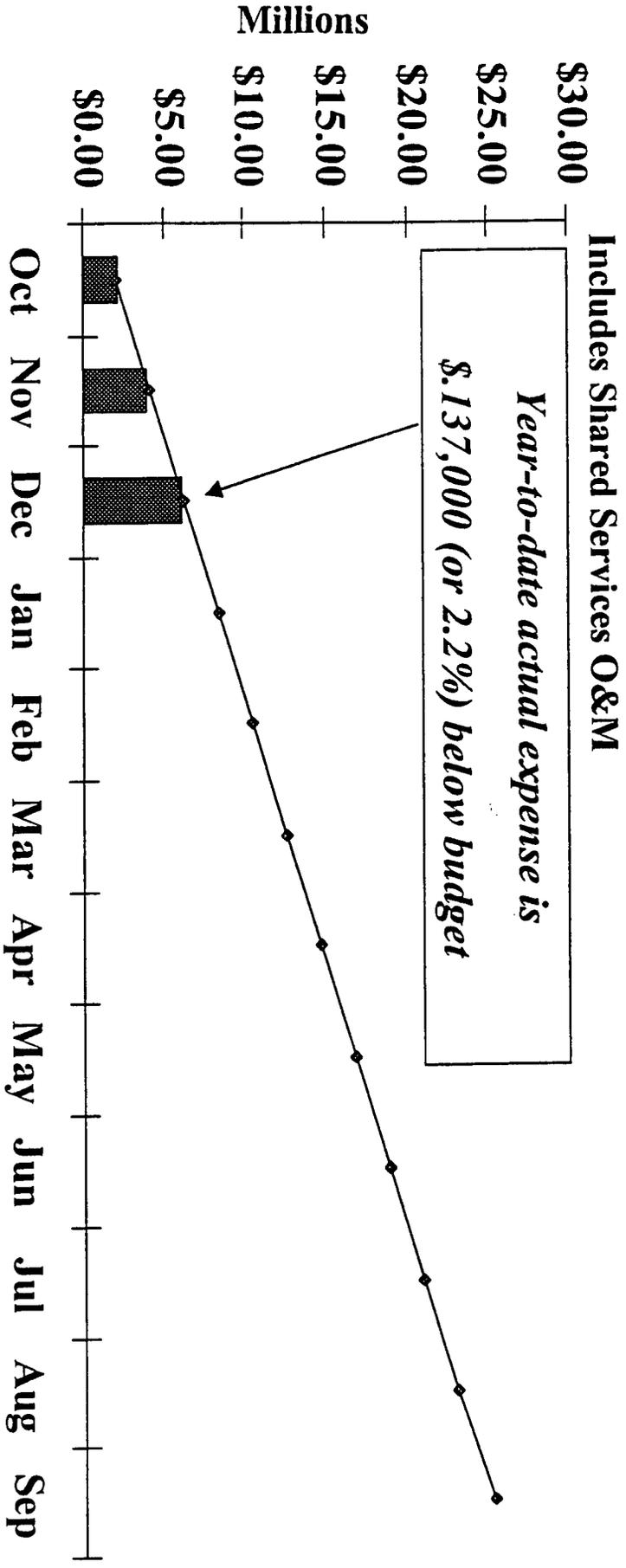
Note - Excludes Depreciation of SSU Plant Assets



Cumulative O&M by Month

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Sch R

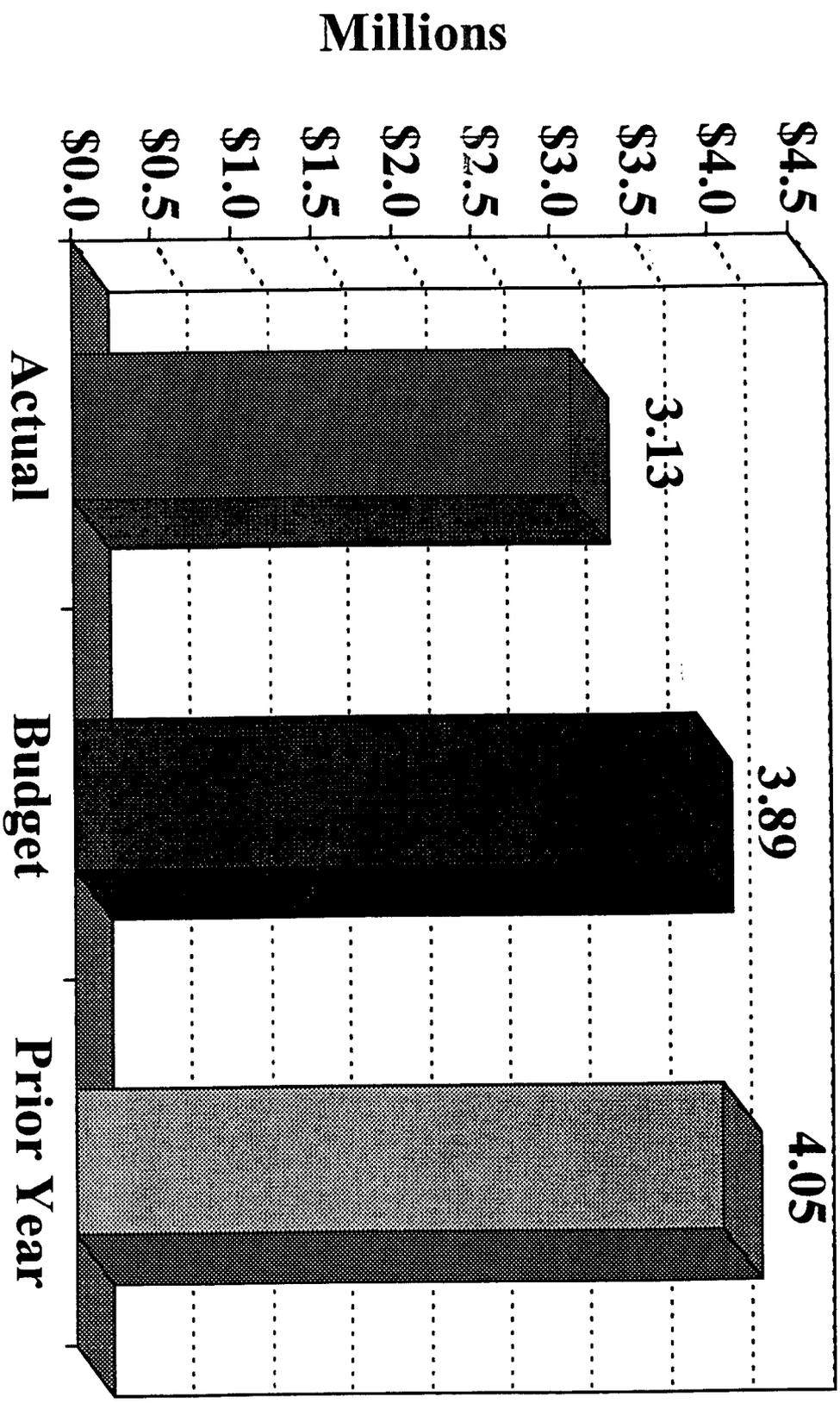
Fiscal Year 1999, 1st Quarter Review





Direct BU O&M Expense - 2nd Quarter

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Sch B
1999

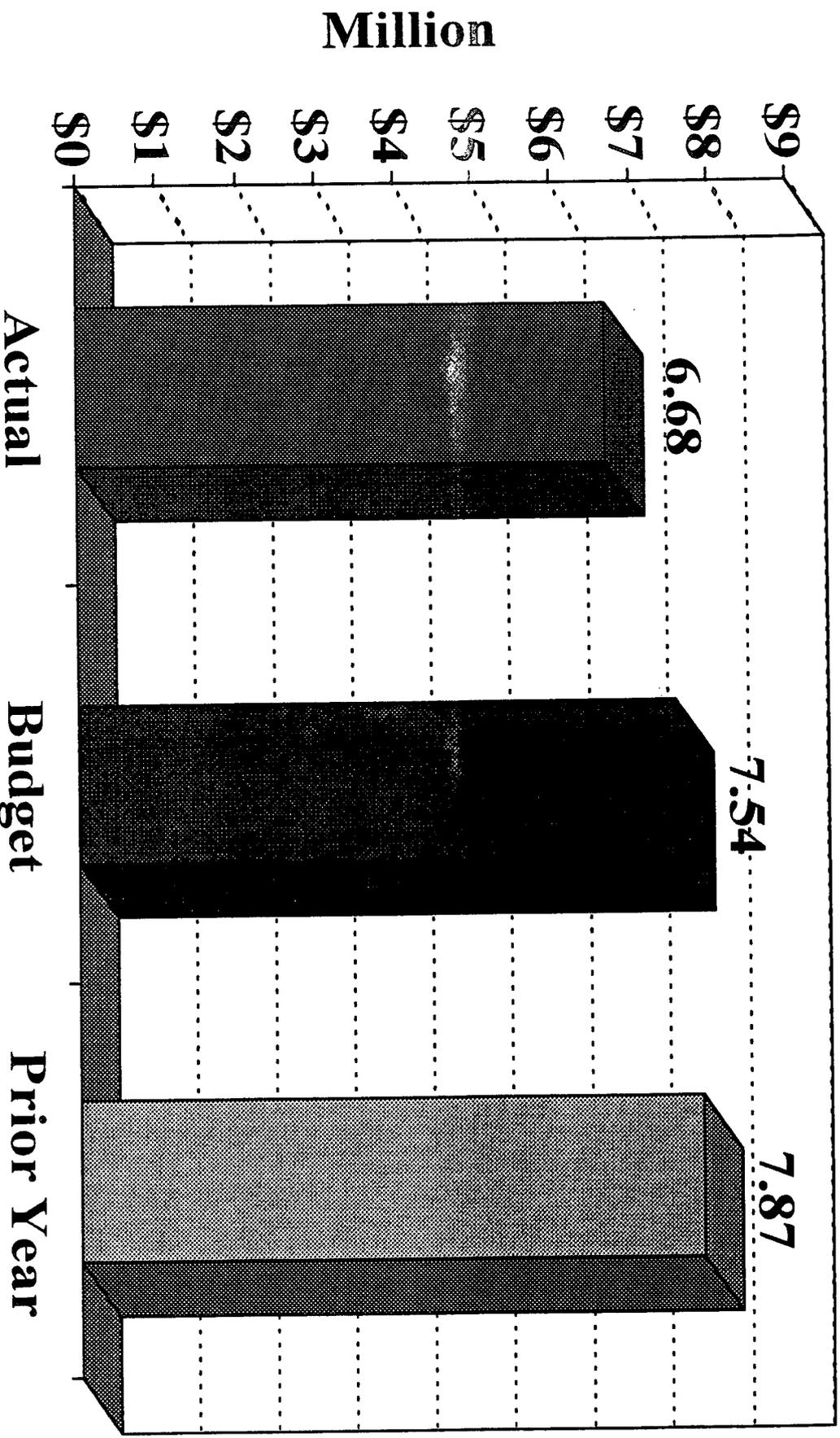


◆ Decrease to budget due to reduction in benefits (Pension)



Direct BU O&M Expense, Year-to-Date

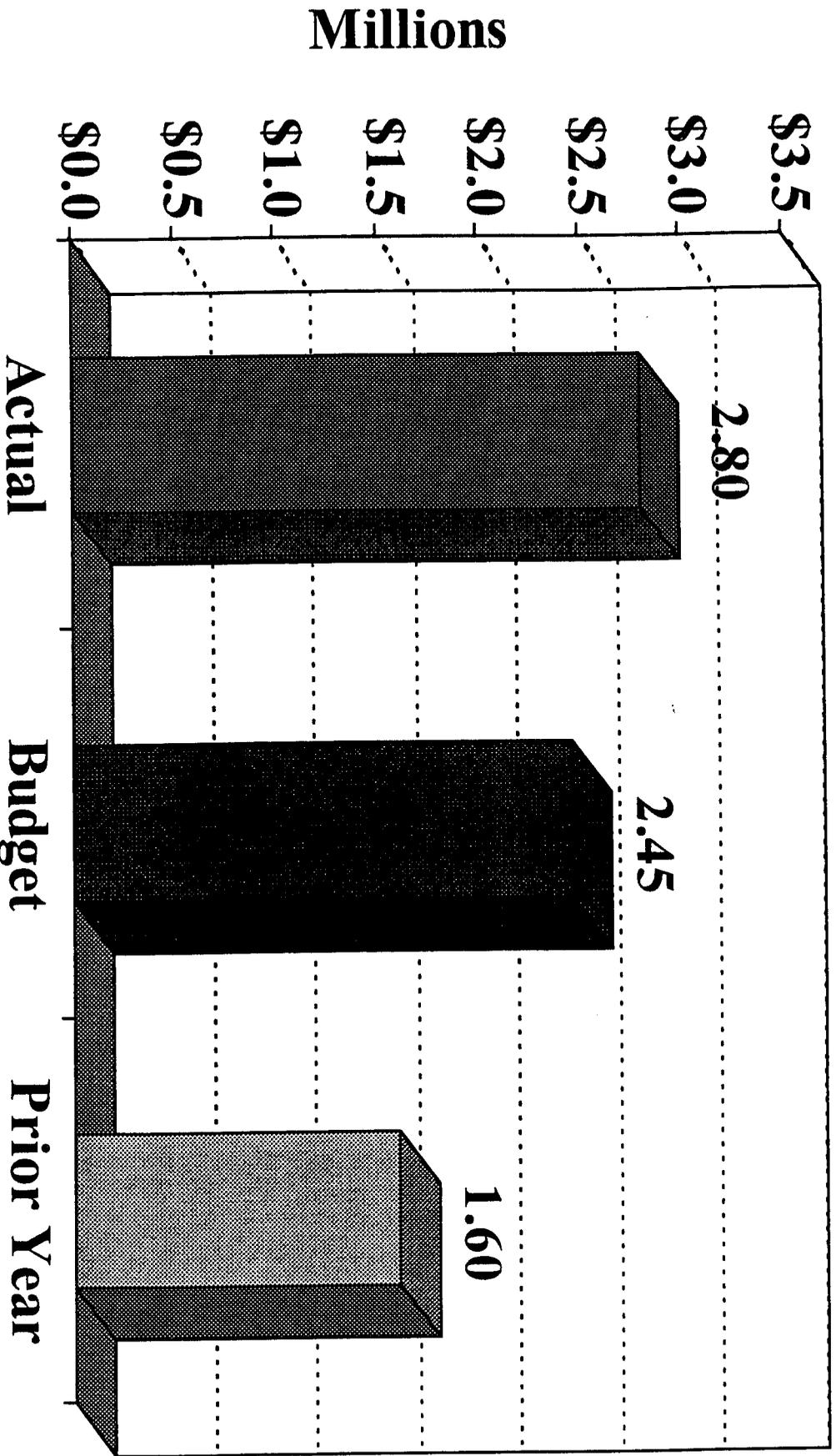
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Sun 8
1999



◆ Decrease to budget due to reduction in benefits (Pension)

Shared Services Billing - 2nd Quarter

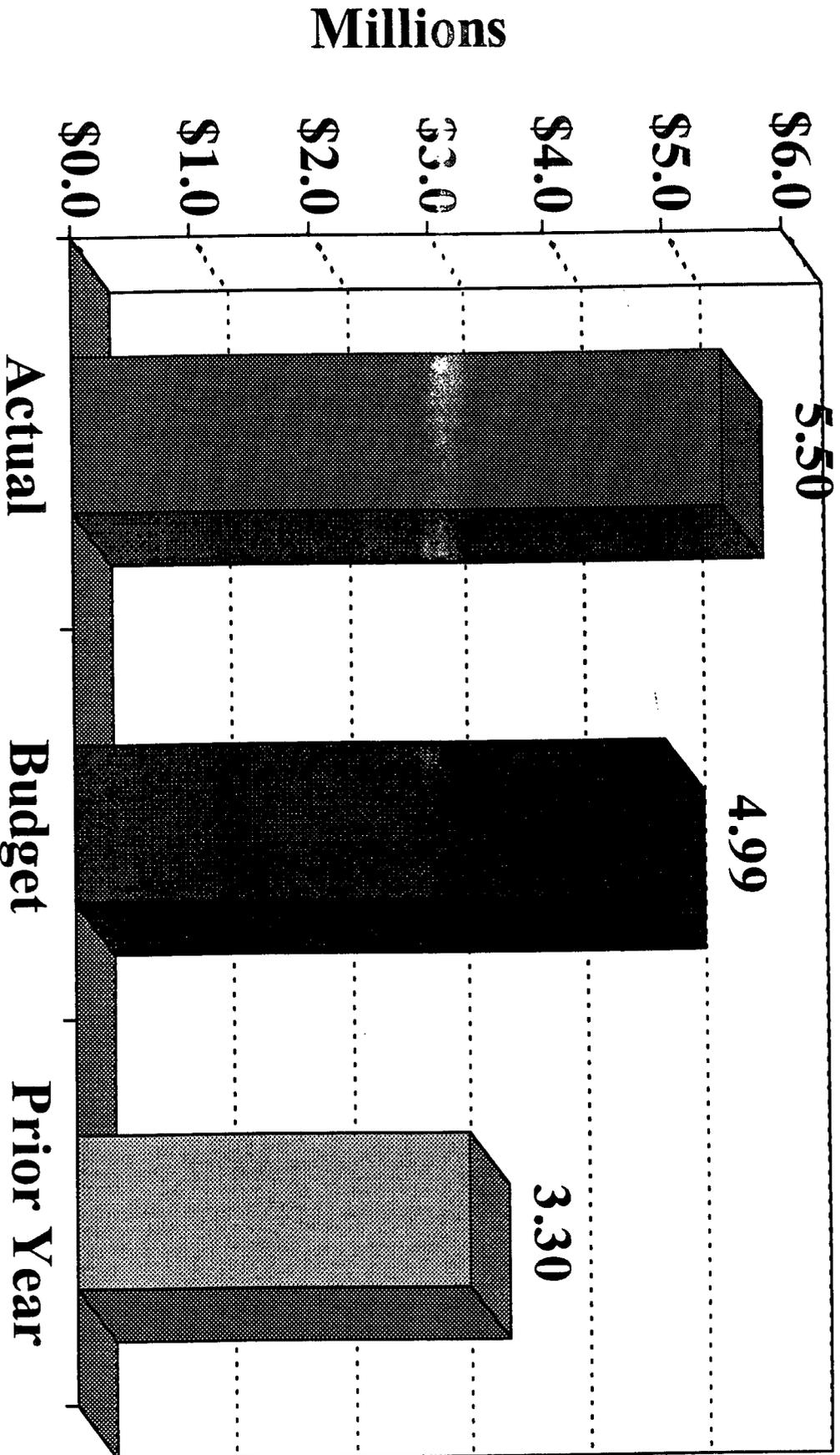
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1999



- ◆ Includes SSU depreciation and other taxes
- ◆ Increase in actual to budget due to depreciation, taxes-other & M&I

Shared Services Billing, Year-to-Date

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 Sch B
 1999



- ◆ Includes SSU depreciation and other taxes
- ◆ Increase in actual to budget due to depreciation, taxes-other & M&I

**Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 177
Witness: Betty Adams**

Data Request:

Please provide copies of the quarterly O&M budget variance reports explanations for each year presented in the chart on page 6 of Ms. Adams' testimony.

Response:

The quarterly review process was established in FY 1998. See attached slides that were used in the quarterly reviews for FY 1998. Variance explanations to the Management Committee were communicated verbally except where noted on the slides.

NOTES:

O & M Expenses
(000's)

1st Quarter Review

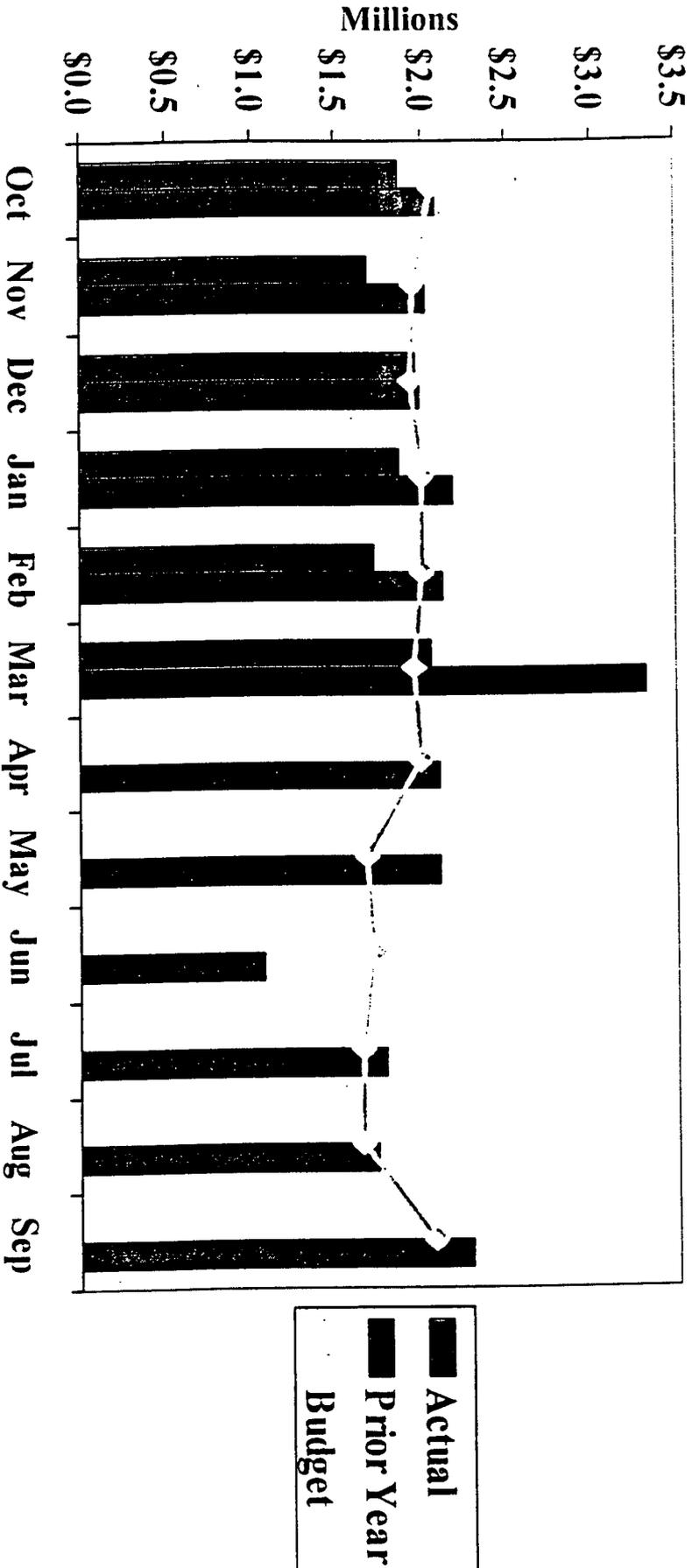
	FY 1998	Budget	Variance	FY 1997	Variance
O & M Expense	\$ 3,846	\$ 4,229	\$ (383)	\$ 4,918	\$ (1,072)
O & M Expense per Meter *	137.69			135.42	2.27
O & M Expense per 1000 Employees *	74.47			61.57	12.90
Uncollectible Expense	148			196	(48)
Maintenance Costs	218	396	(178)	206	12
Maintenance Costs per Mile of Main	59.73			57.41	2.32
Lost & Unaccounted For %	1.9%			2.3%	

* The O&M expense per meter and per BI employee includes Shared Services Allocations.

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O&M by Month (direct & ssu)



•WKCG's O&M expenses are expected to be \$1 million below annual budget.

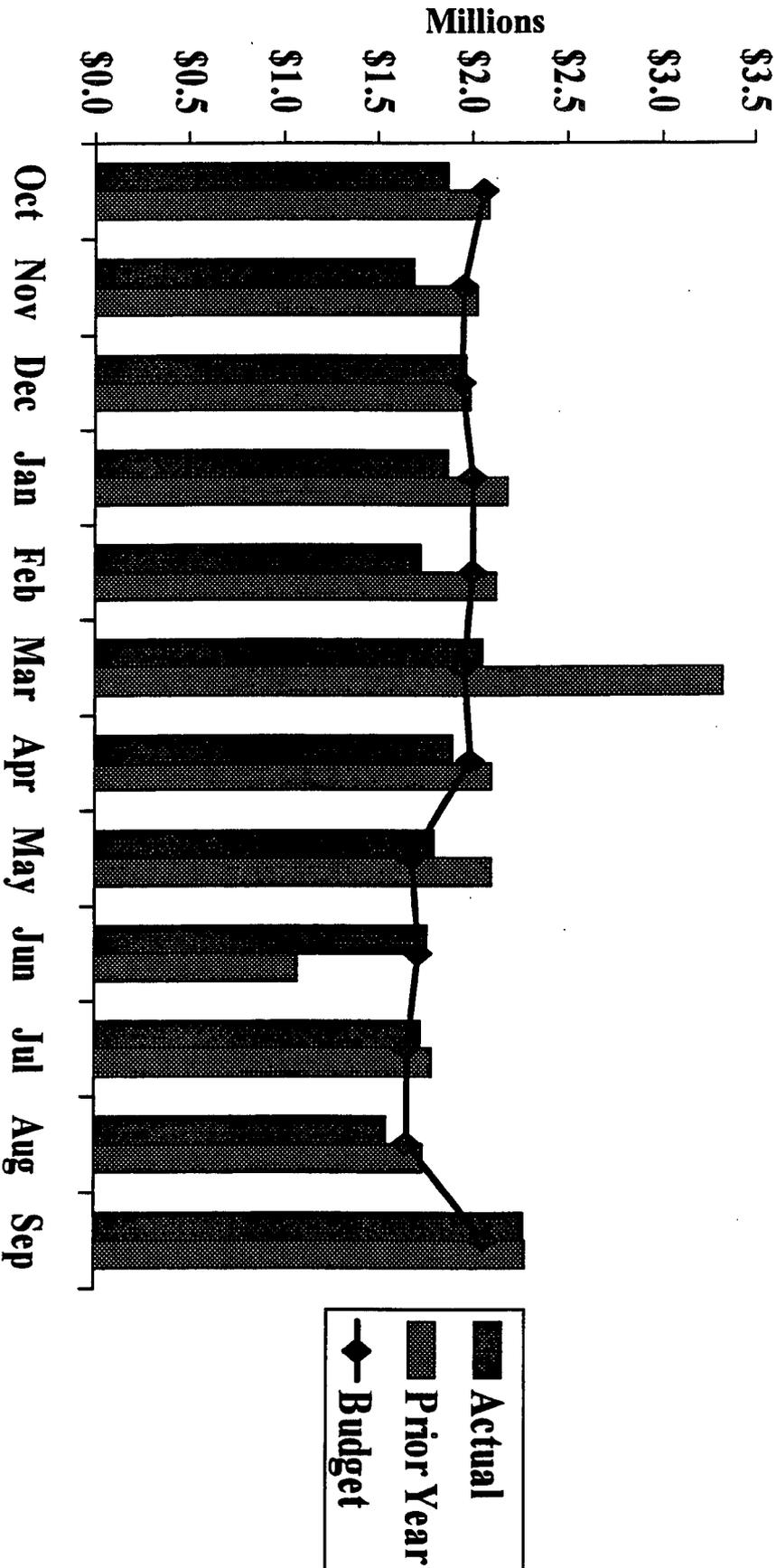
Pension related



Fourth Quarter Review

O&M by Month (*Direct & SSU*)

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Page 3 of 4



Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 178
Witness: Betty Adams

Data Request:

Please disclose any changes to WKG budgeting (O&M and capital) and accounting policies that became effective during 1998 and after.

Response:

There were no changes effective during 1998 and after in our budgeting and accounting policies.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 179
Witness: Betty Adams

Data Request:

With reference to Ms. Adams' testimony at page 7, lines 7 and 8:

- a. Is WKG self-insured for employee medical coverage? If so, please explain how medical insurance costs are recorded and include an explanation of the use of the reserve.
- b. If medical costs are accrued monthly, please explain how the accrual amount is determined. Include any workpapers that quantify the forecasted test year amount.
- c. Please identify the level of medical costs included in the forecasted test year cost of service, and explain how they were determined. Include any workpapers that quantify the forecasted test year amount.

Response:

a/b. WKG employees are covered under Atmos' medical and dental self-insurance program. United HealthCare ("United") manages Atmos' claims and maintains a cash reserve of \$150,000 (five days worth of claims based upon an historical average). United bills Atmos for the total claims paid upon Atmos' behalf. Atmos maintains a liability reserve for claims incurred but not reported ("IBNR") at approximately three months worth of claims based upon an historical average. This IBNR accounting follows Generally Accepted Accounting Principles. Medical costs are accrued monthly based on an historical average of actual claims. This accrual increases the IBNR liability and actual claims paid to United reduce the reserve. The accrual amount is adjusted periodically to maintain the proper reserve balance.

c. The total medical costs included in the forecasted test year is \$1,279,160 which is calculated by applying \$4,536 per employee per year to 282 employees in Western in the forecast period.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 180
Witness: Betty Adams

Data Request:

With reference to page 7, lines 23 through 25 of Ms. Adams' testimony, please explain why the September 2000 amounts were used for the first three months of the 2001 fiscal year instead of using the zero based approach of budgeting.

Response:

In reference to page 7, lines 19 through 27, the process for developing the forecasted test year is described. The first nine months of the forecasted year were budgeted using the zero based approach because the FY 2000 budget was completed prior to this filing. The FY 2001 zero based budgeting process will not be completed until April or May of 2000. Since O&M costs are projected to remain flat in the forecasted years, using September 2000 as a surrogate for the first three months of the subsequent year was deemed appropriate at the time of filing.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 181
Witness: Betty Adams

Data Request:

Please provide workpaper that presents the following annual data for the contract labor for FY 1994 through the forecasted test year. Provide actual monthly data for the available months during the base period.

- a. Number of contractors;
- b. Total contract labor payroll broken down by O&M, capital and non-O&M accounts; and
- c. Contract labor overtime payroll broken down by O&M, capital and non-O&M accounts.

Response:

This response will be filed separately in approximately two weeks, due to the historical documentation being stored off site. The length of time to compile this information is due to the number of years requested.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 182
Witness: Gruber

Data Request:

With reference to the discussion on labor beginning on page 8, line 22 of Ms. Adams' testimony:

- a. Please explain why there would be an increase in O&M payroll costs if the employees hired are replacing contractors who were performing mostly construction activities.
- b. According to page 8, lines 28 to 30 of Ms. Adams' testimony, the Company "did not budget to reflect a full complement of employees for FY 1999 because we were substituting contract labor for Western's own employees." In response to KPSC 1-69e, it is stated that "[n]one of our planned positions to be filled were previously held by contractors." Please explain the apparent inconsistency in the two statements.
- c. When did the Company begin its practice of using contractors instead of employees?
- d. Please provide the date on which the Company plans to begin hiring employees to replace contractors.
- e. Please explain how the costs of contractors were removed from the cost of service. Include in your response the amount removed and documentation supporting that amount.

Response:

- a. Ms. Adams did not say that Western was planning to hire new employees to replace contractors. Western has already made significant strides in reducing contract labor in response to its current earnings situation. The additional employees are needed in order to perform necessary O&M functions in the field. It is true that a subsidiary benefit of this is that these new employees can perform some construction activities as needed to allow Western to hold the line on use of contract labor. We must continue to be vigilant in using our labor in the most efficient manner possible and this requires flexibility in our work assignments. Western is not substituting O&M labor for construction labor.

In the job vacancy summary in KPSC#1 – DR 69(a), the vacant positions are detailed by number and job function with the costs and benefits of these positions broken out. Eight (8) of the fifteen positions are O&M functions. The portion of

the vacancy labor attributable to O&M has been reflected in the forecasted adjustment to O&M. The portion that is attributable to capital will be required to complete the Company's FY2000 construction program.

- b. See above response to a.
- c. Western has traditionally used contract labor for capital construction projects. As indicated in the above response to a., Western is reducing its use of contractors.
- d. Our original intent was to begin hiring at the beginning of FY2000; however, Western is increasingly reluctant to add these needed positions given the continuation of its current earnings situation and the uncertainty of the outcome of this case.
- e. The contractors' O&M expense was negligible, and the labor increase was adjusted accordingly. To complete the response to this question, see additional data and time required as referenced in response to AG DR 181.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item # 183
Witness: Betty Adams

Data Request:

Please provide a statement that describes the Company's planned use of contractor labor for the forecasted period. Indicate the level of contractor employees and the related O&M and non-O&M costs for the forecasted period, and the amount of contractor labor that the Company plans to eliminate.

Response:

Western Kentucky Gas currently does not employ contract labor to perform any O&M related work and only utilizes contracted labor in areas where large capital projects make it necessary. Our plans for the forecasted period remain as they are today, to utilize in-house (company) labor for our O&M and non-O&M related projects and not to contract additional labor unless a specific project requires outside expertise or equipment that we do not possess.

Western Kentucky Gas has one confirmed capital project planned for FY 2000 that will require hiring an outside contractor. That project consists of a pipeline replacement and system improvement located in Shelbyville, KY and will require the use of approximately 15 contractor employees at an estimated cost of \$450,000.00. There are no other projects planned or in the works for the forecasted period that will require contractor labor.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 184
Witness: Adams & Gruber

Data Request:

With reference to the communications expense included in the forecasted test year:

- a. Please provide workpapers and other documentation supporting the \$300,000 increase.
- b. Please provide an explanation of the reason communications expense was under-budgeted in FY 1999.
- c. When will the mobile data terminals (MDT) be installed on the Company's vehicles? Are the MDTs replacing other equipment currently being used? If so, please identify the equipment being replaced and show how their costs were removed from the cost of service.
- d. Please provide an analysis that compares the budgeted communications expense with the actual expense for FY 1999 to date.

Response:

- a. See response to AG DR 239.
- b. See responses to AG DR 239, and Original and Supplemental Responses to KPSC #1 DR 71.
- c. With the exception of Western's construction & maintenance crews, MDTs are now installed in Western's trucks. (See response to AG DR 239.) MDTs are not replacing any current equipment.
- d. See attached schedule entitled "FY 1999 Budgeted vs Actual Year To Date Communications Expense".

FY 1999 Budgeted vs Actual Year To Date
Communications Expense

	Budgeted FY 1999	Actual FY 1999 to Date	Projected FY 1999 Total
Data Lines	132,000	103,891	124,669
Pagers	18,000	16,703	20,043
Phone Lines	139,200	173,820	208,584
Cellular	129,000	118,000	141,600
Radio	50,400	44,786	53,743
Long Distance	62,400	76,955	92,346
TOTALS	531,000	534,155	640,985

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 185
Witness: Betty Adams

Data Request:

With reference to the \$250,000 increase in uncollectibles, presented on page 9, line 19 of Ms. Adams' testimony, please provide documentation supporting the \$250,000 increase.

Response:

Please see Schedule A showing the actual cost of the uncollectibles and other reimbursements for fiscal year 1998 in the amount of \$696,309. Schedule B shows the base year of 6 months actual and 6 months budget of \$483,221. Schedule C shows a net write-off amount of \$706,443 for FY 1998, this is a difference of \$223,222 due to our budgeting process taking place shortly after 6 months of the prior year when the full cost was not available. We also assumed that the cost of uncollectibles would increase in total

DR 185
Sci C

TMDCS ENERGY CORPORATION
ANALYSIS OF UNCOLLECTIBLE ACCOUNTS EXPENSE (904XX)
AND PROVISION ANALYSIS
FISCAL YEAR 1998
(includes recoveries)

31-Aug-99
03:55 PM

PAGE 1

	ENERGAS	TRANSIA	WKG	(Non ACIS) GREELEY	(Non ACIS) UCG	ATMOS
Net Crg Chgs 11 months ended 8/31/98	645,180.23	180,774.84	565,935.92	610,374.48	1,200,321.83	3,102,667.38
Handbill Crg chgs 11 months ended 8/31/98						0.00
Chgs to the allowance acct 8/30/98						0.00
Net ACIS write-offs recorded in September 1998	617,043.59	53,982.75	374,001.64	12,107.23	(1,573,344.00)	1,095,365.05
Total bad debt expense before adj' to provision	1,262,203.78	240,757.69	939,937.56	522,481.69	(340,792.27)	2,624,588.43
Less:						
YTD provision reversal	(189,050.32)	(87,717.58)	(233,485.02)			(510,282.92)
Reversal 6/98 adj to provision acct						0.00
Actual net write-off amount in FY 1998	1,073,153.44	153,040.11	706,442.54	522,481.69	(340,792.27)	2,114,325.51
Less:						0.00
Chgs to expense to reflect chgs in the allowance acct						0.00
TOTAL BAD DEBT EXPENSE FY 1998	1,073,153.44	153,040.11	706,442.54	522,481.69	(340,792.27)	2,114,325.51
Net expense recorded in Sept. 1998	427,393.21	(27,734.89)	140,505.82	12,107.23	32,229.80	584,102.13
Balance of a/c 1440-1 at 8/30/98	8,500/87	(249,736.69)	(100,000.00)	(172,850.28)	(458,201.55)	(875,100.32)
	8,500/96	(250,000.00)	(100,000.00)	(170,000.00)	(1,221,771.00)	(2,153,771.00)
	8,500/95	(450,000.00)	(100,000.00)	(170,000.00)	N/A	(632,000.00)
	8,500/94	(450,000.00)	(100,000.00)	(170,000.00)	N/A	(832,000.00)
	8,500/93	(450,000.00)	(100,000.00)	(170,000.00)	N/A	(832,000.00)
	8,500/92	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(720,021.88)
	8,500/91	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(570,000.00)
Adjustment to Subtotals:						
Bad Debt expense for 12 months ended 9/29/98	7,724.27	18,040.21				
Sept. 99 Write off Handbill Accts.	0.00	0.00				
Bad debt expense before adj to provision	7,724.27	18,040.21				
Adjustments to expense to reflect change in the a/c	0.00	0.00				
TOTAL BAD DEBT EXPENSE FY 1998	7,724.27	18,040.21				
Net expense recorded in the month of Sept. 1998	0.00	0.00				
Balance of a/c 1440-1 at 9/30/98	(270,000.00)	(30,000.00)	(30,000.00)	(30,000.00)	(30,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/97	(270,000.00)	(30,000.00)	(30,000.00)	(30,000.00)	(30,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/96	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)
Balance of a/c 1440-1 at 9/30/95	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)
Balance of a/c 1440-1 at 9/30/94	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)	(20,000.00)

WRITE-OFF ANALYSIS	Actual/Net Write-Offs FYE 98
*1978-1991	0.65 %
*1992	0.67 %
1/1/83-10/18/83	1.40 %
10/18/83-8/20/84	1.10 %
FY 1985	0.72 %
FY 1986	0.89 %
FY 1987	0.78 %
FY 1988	0.59 %
FY 1989	0.51 %
FY 1990	0.54 %
FY 1991	0.67 %
FY 1992	0.52 %
FY 1993	0.41 %
FY 1994	0.42 %
FY 1995	0.28 %
FY 1996	0.35 %
FY 1997	0.39 %
FY 1998	0.30 %

NET CHARGE OFF ANALYSIS	Including UCG	Excluding UCG
1998	1,987	1,985
1997	1,750,293	1,439,610
1996	145,858	119,968
1995	178,194	119,968
1994	12	82,103
1993	3	3
1992	528,582	359,809
1991	437,573	245,308
1990	32,605,953	49,456,586
1989	0.30%	22,190,045
1988		23,894,305
1987		0.39
1986		0.35
1985		77,655
1984		66,904
1983		
1982		
1981		
1980		
1979		
1978		

Net Change Chgs off	Avg Month Chg off	(3 months estimate)	Net Charge Offs
1998	1,987	1,985	1,985
1997	1,750,293	1,439,610	866,233
1996	145,858	119,968	82,103
1995	178,194	119,968	82,103
1994	12	82,103	12
1993	3	3	3
1992	528,582	359,809	245,308
1991	437,573	245,308	245,308
1990	32,605,953	49,456,586	22,190,045
1989	0.30%	22,190,045	23,894,305
1988		0.39	0.35
1987		0.35	0.28
1986		77,655	66,904
1985			
1984			
1983			
1982			
1981			
1980			
1979			
1978			

Gross Prior Svc bill am GL @ 9/30/98	571,294
(Ex GGC & UCG)	183,710
@ 9/30/97	193,676
@ 9/30/96	143,860
@ 9/30/95	188,585
@ 9/30/94	203,780
@ 9/30/93	207,309
@ 9/30/92	202,879
@ 9/30/91	

for 1997 restated to include UCG

DE 185
Sch. A

***** THIS MONTH *****

FAV(UNFAV) COMPARED TO BUDGET LAST YR TO 1ST YR

FAV(UNFAV) COMPARED TO BUDGET LAST YR TO 1ST YR

ACTUAL BUDGET TO BUDGET LAST YR TO 1ST YR

ACTUAL BUDGET TO BUDGET LAST YR TO 1ST YR

COMPANY LABOR:

8,598	7,235	(19)%	6,944	(24)%	95,101	85,980	(11)%	82,627	(15)%
161,452	137,719	(17)%	213,652	24%	1,805,637	1,881,871	4%	2,316,795	22%
431,693	431,814	0%	558,789	23%	5,653,106	6,035,438	6%	6,453,672	12%
23,038	173,032	87%	332,630	93%	1,823,234	2,401,028	30%	2,774,749	34%

624,781	749,800	17%	1,112,015	44%	9,377,078	10,404,317	10%	11,627,843	19%
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52,199	23,712	(120)%	36,807	(42)%	444,275	338,943	(31)%	376,479	(18)%
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69,133	58,706	(18)%	58,815	(18)%	791,467	704,680	(12)%	663,822	(19)%
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226,259	226,588	0%	223,532	(1)%	2,066,620	2,409,878	14%	2,075,668	0%
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114,201	27,422	(316)%	51,555	(122)%	938,295	334,844	(180)%	295,234	(218)%
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21,966	6,555	(235)%	7,360	(198)%	163,822	79,860	(105)%	123,906	(32)%
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74,716	53,644	(39)%	8,420	(787)%	626,509	711,527	12%	436,892	(43)%
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28	45,160	100%	101,107	100%	256,227	729,099	65%	668,413	62%
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437,170	359,369	(22)%	391,974	(12)%	4,051,473	4,265,208	5%	3,600,113	(13)%
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1,183,283	1,191,587	1%	1,599,611	26%	14,664,293	15,713,148	7%	16,268,257	10%
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161,366	213,779	24%	9,118	(1669)%	696,309	393,200	(77)%	459,372	(52)%
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1,344,649	1,405,366	4%	1,608,729	16%	15,360,602	16,106,348	5%	16,727,629	8%
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TOTAL BUDGETED DOLLARS REMAINING (TOTAL FISCAL YEAR BUDGET LESS YTD ACTUAL)

745,746

LAST PAGE OF REPORT

**WESTERN KENTUCKY GAS COMPANY
OPERATION AND MAINTENANCE EXPENSE BUDGET
BASE YEAR (6 + 6)**

*DE 185
Sch. B*

Resp. Center Name
Resp Center Number

CO DIV W
TOTAL

ACTUAL BUDGET

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	TOTAL
COMPANY LABOR EXPENSE													
LABOR	706,887	634,620	671,760	660,825	579,863	658,938	604,688	604,041	609,138	609,270	609,449	611,560	7,561,039
EMPLOYEE BENEFITS	235,400	30,444	(117,535)	19,800	(166,803)	(57,279)	139,077	138,931	140,102	140,131	140,173	140,658	783,099
TOTAL COMPANY LABOR	942,287	665,064	554,225	680,625	413,060	601,659	743,765	742,972	749,240	749,401	749,622	752,218	8,344,138
MATERIALS & SUPPLIES	26,781	26,071	33,819	33,864	23,558	38,948	35,533	30,441	30,533	35,461	30,441	30,533	375,983
TRANSPORTATION	120,903	90,056	62,637	95,217	71,874	52,961	64,182	64,182	64,181	64,181	64,181	64,181	878,736
OTHER:													
DEPT SPECIFIC	158,260	132,673	151,524	163,586	135,074	180,204	162,802	162,802	164,402	168,755	165,902	168,882	1,914,866
ADMINISTRATIVE	72,314	98,467	103,368	84,862	62,869	98,252	113,589	106,416	112,586	105,696	108,013	102,958	1,169,330
OUTSIDE SERVICES	11,344	22,788	16,094	9,524	8,277	2,580	13,782	18,682	19,082	18,682	18,682	13,682	173,199
OTHER DEPT DIRECT	48,217	71,641	50,221	59,279	47,101	34,268	106,728	54,876	45,922	59,197	44,156	45,936	667,542
ALLOCATIONS & OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER	290,135	325,569	321,207	317,251	253,321	315,304	396,901	342,776	341,992	352,270	336,753	331,458	3,924,937
REVENUE/REIMBURSEMENT	14,580	(26,990)	103,861	107,514	65,337	56,346	22,584	72,697	(80,223)	29,953	38,924	78,638	483,221
TOTAL NET EXPENSES	1,394,686	1,079,770	1,075,749	1,234,471	827,150	1,065,218	1,262,965	1,253,068	1,105,723	1,231,266	1,219,921	1,257,028	14,007,015

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 186
Witness: Betty Adams

Data Request:

With reference to page 10, lines 3 and 4 of Ms. Adams' testimony, please provide the basis for the 4 percent overall wage increase and supporting documentation for the 23 percent benefits factor.

Response:

The four percent overall wage increase was derived through a market study done by the Towers Perrin consulting firm and by utilizing a study done by the American Compensation Association.

The 23 percent benefits factor is calculated as follows:

Benefit Items:	Costs
Workers Compensation	\$150,000
Basic Life Insurance	69,148
Retirement Costs (FAS 87/106)	593,000
Medical/Dental	1,279,160
Disability Insurance	58,732
ESOP Match	376,769
ESOP Other	21,225
Total	2,548,034
Total Labor Costs	11,081,443
Benefits Percentage	23%

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 187
Witness: David H. Doggette

Data Request:

187. With reference to page 10, lines 22 through 23, please provide the annual level of savings associated with Gas Meter Performance Control Program. Include in your response documentation showing the derivation of the savings amount.

Response:

Please refer to KPSC DR1-77, AG IDR-166 and AG IDR-240.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 188
Witness: Betty Adams

Data Request:

With reference to page 13, lines 13 through 15 of Ms. Adams' testimony, please be specific as to the cost elements that cause the \$172,000 increase in the Shared Services' budget.

Response:

This increase reflects a decrease in Shared Services capital spending for Information Technology in the forecast period compared to the base period, which results in a slightly different distribution to Western.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 189
Witness: David H. Doggette

Data Request:

189. With reference to the discussion on the capital budgeting process in Mr. Doggette's testimony:
- a. Please explain how contingencies are handled in the preparation of the capital budget. How are the amounts for contingencies derived and monitored?
 - b. Please provide the level of contingencies included in the FY 1999, 2000 and 2001 capital budgets.
 - c. For the FY 1999, 2000 and 2001 capital budgets, please provide a breakdown of the growth and non-growth portions of expenditures.
 - d. What is the overall capital spending goal for FY 1999-2001? Please explain how the capital spending goal is derived.

Response:

- a. Western does not include contingencies in arriving at a capital budget.
- b. There are no contingencies included in any of Western's capital budgets.
- c. Please see Mr. Doggette's direct testimony, DHD-1 pages 1-6. The growth capital budgets on DHD-1 pages 1-6 are listed. The remaining budgeted categories comprise the non-growth portion.
- d. The goal is to utilize the forecasted capital budget for the requested time frames as indicated in Mr. Doggette's direct testimony, DHD-1 pages 1-6. The capital budget process is discussed in Mr. Doggette's direct testimony on page 9, lines 8-14.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 190
Witness: David H. Doggette

Data Request:

190. With reference to the discussion in Mr. Doggette's testimony relative to the control and monitoring of capital expenditures:
- a. Please explain whether the spending on any capital projects is affected when other capital projects exceed their approved funding levels. If so, please explain fully how spending on capital projects is interrelated.
 - b. In instances where projects are delayed during a given fiscal year, are the approved funds available for use on other projects? If so, is there is a separate approval process for the shifting of funds? Please explain.
 - c. Please explain the decrease in the capital budget between FY 1997 and FY 1998.

Response:

- a. Western manages the capital budget on a project basis. However, the capital budget is developed beforehand when all particulars of a project may not be known. Western also works towards managing within the overall fiscal year capital budget.
- b. When projects are delayed, they must be budgeted again in the fiscal year in which they are anticipated to occur. If it is deemed prudent to utilize capital funds for other projects, those projects are submitted through the approval process.
- c. It should be noted at this point that a revision to the table shown on page 8 of the testimony of David H. Doggette is necessary. The capital budget amounts shown for the 1994-1997 fiscal years include overheads. The amounts stated for 1998 do not include the applicable overhead amounts. The table is revised and restated to show overheads included for all years on Schedule AG DR1 190 attached.

The FY 1997 to FY 1998 decrease in capital budget is related to non-recurring projects, highway relocation projects, computer purchases, vehicle purchases, and reduced non-direct charges. Refer to page 8 of the testimony of David H. Doggette. Also refer to KPSC DR1-28, pages 18 through 28 and AG IDR 225.

SCHEDULE AG DR1-190

Revised - Western's Historical Capital Expenditures

Fiscal Year	Actual Dollars	Budgeted Dollars	Over/(Under) Budget, \$'s	Variance (%)
1998	\$ 11,459,605	\$ 10,194,434	\$ 1,265,171	12.4%
1997	\$ 15,085,222	\$ 16,595,351	\$ (1,510,129)	-9.1%
1996	\$ 14,253,519	\$ 17,770,374	\$ (3,516,855)	-19.8%
1995	\$ 15,458,055	\$ 16,592,170	\$ (1,134,115)	-6.8%
1994	\$ 10,872,491	\$ 11,453,427	\$ (580,936)	-5.1%

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 191
Witness: David H. Doggette

Data Request:

191. Please provide copies of all monthly and quarterly budget variance reports on the FY 1999 capital budget available to date. Please provide additional reports as they become available.

Response:

Enclosed are:

1. WESTERN KENTUCKY GAS COMPANY CAPITAL BUDGET SYSTEM EXECUTIVE REPORT – Monthly reports for October and November, FY 1999.
2. WKG Capital Expenditures YTD by month and Monthly Capital Expenditures

(Due to the transition to the new Oracle Project Accounting system (PA), the monthly report format was changed. Detail reports showing specific project variances are not yet available in the appropriate formats. During FY 1999, the capital budget actuals reside in the old accounting system through May, and in Oracle PA beginning June 1. Open projects bridge both systems. Detailed budgets were not moved over to the new Oracle PA. Beginning FY 2000, the total FY Budget and Actual expenditures will be in Oracle PA. The Project Accounting system and current reports encompass all projects including non-capital projects. As the Project Accounting system develops, the desired report formats will be developed.)

3. Capital Budget variance report slides from the Quarterly Review for the first two quarters of 1999. There was no third quarter review.

WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
EXECUTIVE REPORT
One Month Ended October 31, 1998

BUDGET & PLANNING DEPARTMENT
November 23, 1998

WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
EXECUTIVE REPORT

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WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
EXECUTIVE REPORT

Purpose and Description

The purpose of the Capital Budget System Executive Report is to provide management of the company with an update of the current year capital expenditures. This report includes transactions on appropriations through November 18, 1998.

Executive Summary

	000's
Funds committed - to date	\$ 1,540
Funds available	3,922
Total capital budget	\$ 5,462

Percent of total budget committed	28.19%
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In addition to the approved capital budget, there has been certain appropriations set up or payments made for which no amount or an insufficient amount has been budgeted. These items have resulted in negative budget variances and/or negative funds available amounts and are detailed on page 6. The capital budget would be exceeded by approximately \$113,000 if the following differences are not accommodated during the remainder of the year.

	Items	000's
Accounts with no capital budget	6 -	\$84
Accounts in excess of budget	1	\$29

Appropriations

Appropriations entered into the system to date are approximately \$1,343,000. A summary of expenditures in excess of amounts appropriated by responsibility center and the detail of expenditures greater than \$1,000 and in excess of 10% of amounts appropriated by responsibility center and account number are shown on pages 4 and 5, respectively.

	Items	000's
Expenditures in excess of app.	4	\$30
Expenditures >\$1,000 & 10% of app.	4	\$30

Budget to Actual Reconciliation (in 000's)

	107's	108's	Total
WKG reported expenditures	\$ 355	\$ 65	\$ 420
Overheads	184	0	184
Work in progress closed to plant	(689)	0	(689)
Retirements/Other	0	0	0
Unreported expenditures/Closing credits	0	0	0
Amount per Atmos Financial Statements	<u>\$ (150)</u>	<u>\$ 65</u>	<u>\$ (85)</u>

*WKG
-69,000*

107's are general ledger accounts for plant, property and equipment.

108's are general ledger accounts for retirements, salvage value and cost of removal.

1998 Budget Reconciliation Including Overheads (in 000's)

	Without Overhead	Overhead	With Overhead
WKG	\$5,462	\$2,946	\$8,408

Status of Excess Items

All differences discussed in this report have been communicated to the appropriate Business Unit Controller.

Assuming all appropriated amounts will be spent, the projected minimum budget deficit has increased to approximately \$113,000 year to date. Itemized details are presented below.

PROJECTED MINIMUM BUDGET DEFICIT

	Budget YTD	Funds Committed YTD	Variance
WKG	<u>\$481,000</u>	<u>\$594,000</u>	<u>\$113,000</u>

*956,290
16*

WESTERN KENTUCKY GAS COMPANY
 CAPITAL EXPENDITURE REPORT
 COMPANY SUMMARY BY RESPONSIBILITY CENTER - YTD
 OCTOBER FISCAL YEAR 1999

Line No.	Resp Center	Description	Actual			Appropriation			Budget			Funds Committed	Funds Available	Line No.
			Amount	Variance	Amount	Amount	Variance	Amount	Variance					
1	1010000	WKG Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1	
2	1010100	Owensboro Office (720)	0	0	0	0	0	0	0	0	0	0	2	
3	1010900	Owensboro Storage & Transmission	(11,959)	7,159	(4,800)	0	11,959	(4,800)	0	4,800	(4,800)	4,800	3	
4	1011100	Owensboro Measurement Center (712)	0	0	0	0	0	0	0	0	0	0	4	
5	1016200	Owensboro Technical Services (701)	0	0	0	0	0	0	0	0	0	0	5	
6	2010100	Madisonville Office (730)	0	0	0	0	0	0	0	0	0	0	6	
7	3110100	Paducah Office (750)	0	0	0	0	0	0	0	0	0	0	7	
8	4110100	Bowling Green Office (760)	0	0	0	0	0	0	0	0	0	0	8	
9	5000000	WKG Administration	0	0	0	1,500	1,500	0	0	0	0	1,500	9	
10	5002700	Owensboro Operations	93,206	60,237	153,443	887,144	793,938	153,446	887,144	793,938	153,446	793,938	10	
11	5006200	WKG Technical Services	61,476	661,227	722,703	1,024,595	963,119	808,599	1,024,595	963,119	808,599	215,986	11	
12	5152700	Madisonville Operations	86,390	17,017	103,407	523,429	437,039	121,433	523,429	437,039	121,433	401,986	12	
13	5502700	Paducah Operations	78,966	52,536	131,502	812,115	733,149	131,554	812,115	733,149	131,554	680,561	13	
14	5602700	Bowling Green Operations	86,573	83,280	169,853	1,644,178	1,557,605	191,937	1,644,178	1,557,605	191,937	1,452,241	14	
15	5802700	Danville Operations	25,100	41,363	66,463	568,841	543,741	138,108	568,841	543,741	138,108	430,733	15	
16	6110100	Danville Office (780)	0	0	0	0	0	0	0	0	0	0	16	
17		Subtotal Western Kentucky Gas Company	419,752	922,819	1,342,571	5,461,802	5,042,050	1,540,277	5,461,802	5,042,050	1,540,277	3,921,525	17	
18	Add:	Credit and Other Adjustments	N/A	168,067	168,067	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18	
19	Add:	Minimum Additional Appropriations Required	N/A	29,639	29,639	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19	
20		Total Western Kentucky Gas Company	\$419,752	\$1,120,525	\$1,540,277	\$5,461,802	\$5,042,050	\$1,540,277	\$5,461,802	\$5,042,050	\$1,540,277	\$3,921,525	20	

WESTERN KENTUCKY GAS COMPANY
 CAPITAL BUDGET SYSTEM
 SUMMARY OF EXPENDITURES IN EXCESS OF AMOUNTS APPROPRIATED
 OCTOBER FISCAL YEAR 1999

Resp Center	Description	Number of Appropriations	Actual	Appropriation Amount	Variance
5006200	WKG Technical Services	3	\$28,912	\$6,910	(\$22,002)
5802700	Danville Operations	1	7,637	0	(7,637)
		<u>4</u>	<u>\$36,549</u>	<u>\$6,910</u>	<u>(\$29,639)</u>

WESTERN KENTUCKY GAS COMPANY
 CAPITAL BUDGET SYSTEM
 DETAIL OF EXPENDITURES GREATER THAN \$ 1,000 AND IN EXCESS OF 10% OF AMOUNT APPROPRIATED
 OCTOBER FISCAL YEAR 1999

1st Month on Report	Resp Center	Description	Budget		Appropriation		AFE Number	Appropriation		Variance
			Number	I.S.	Number	Description		Actual	Amount	
10/98	5006200	WKG Technical Services	38100	10	Meters	918134	Meter Swivel Sets, CI 1-4 Meters	\$9,541	\$2,170	(\$7.3
10/98	5006200	WKG Technical Services	38100	10	Meters	918136	Meter Swivel Sets, CI 1-4 Meters	9,830	2,370	(7.4)
10/98	5006200	WKG Technical Services	38100	10	Meters	918135	Meter Swivel Sets, CI 1-4 Meters	9,541	2,370	(7.1
10/98	5802700	Danville Operations	37900	20	Meas & Reg Sta Eq - City Gte Chk Sta	918558	Harrodsburg Town Border Relocation	7,637	0	(7.6)
								\$36,549	\$6,910	(\$29.6

2/9/00
2/22/00

WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSEM
DETAIL OF EXPENDITURES AND/OR APPROPRIATIONS IN EXCESS OF BUDGET
OCTOBER FISCAL YEAR 1999

Resp Center	Description	Account	Number	I.S.	Actual	Appropriation		Budget		Funds Committed	Funds Available
						Amount	Variance	Amount	Variance		
5006200	Wkg Technical Services		37602	10	\$2,184	\$4,982	\$2,798	\$0	(\$2,184)	\$4,982	(\$4,982)
5006200	Wkg Technical Services		38100	10	28,912	487,341	458,429	480,431	451,519	509,343	(28,912)
5152700	Madisonville Operations		37601	20	27,231	27,231	0	0	(27,231)	27,231	(27,231)
5152700	Madisonville Operations		37800	10	0	3,537	3,537	0	0	3,537	(3,537)
5502700	Paducah Operations		37602	20	446	446	0	0	(446)	446	(446)
5602700	Bowling Green Operations		38200	20	1,520	1,520	0	0	(1,520)	1,520	(1,520)
5802700	Danville Operations		37900	20	19,878	39,107	19,229	0	(19,878)	46,744	(46,744)
					\$80,171	\$564,164	\$483,993	\$480,431	\$400,260	\$593,803	(\$113,372)

WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
TERMINOLOGY

Actual - This column represents actual General Ledger charges for Regular and Functional appropriations. These charges reflect expenditures through the month which appears in the title heading of the report.

Appropriation - Funds authorized for a capital expenditure by formal action for a specific use.

Appropriation Amount - This column represents two categories of authorized capital expenditures:

- (a) Regular Appropriation - an authorized capital expenditure amount manually entered into the appropriation system by selected company personnel. Regular Appropriations are listed through the date which appears in the first section, Purpose and Description, of the Capital Budget System Executive Report.
- (b) Functional Appropriation - a monthly computer generated appropriation reflecting actual expenditures. They are listed year-to-date through the month which appears in the title heading of the Capital Expenditure Report.

Appropriation Variance - This column represents the difference between the Appropriation Amount and Actual.

Budget Amount - This column represents the annual amount approved for capital expenditures.

Budget Variance - This column represents the difference between the Budget Amount and Actual.

Funds Committed - This column represents total commitment of funds for capital expenditures. It is the greater of the Actual or the Appropriation Amount.

Funds Available - This amount is the difference between the Budget Amount and Funds Committed. It is the balance of funds available for capital expenditures.

WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
EXECUTIVE REPORT
Two Months Ended November 30, 1998

BUDGET & PLANNING DEPARTMENT
January 7, 1999

WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
EXECUTIVE REPORT

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WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
EXECUTIVE REPORT

Purpose and Description

The purpose of the Capital Budget System Executive Report is to provide management of the company with an update of the current year capital expenditures. This report includes transactions on appropriations through December 22, 1998.

Executive Summary

	000's
Funds committed - to date	\$ 2,214
Funds available	3,248
Total capital budget	\$ 5,462
Percent of total budget committed	40.53%

In addition to the approved capital budget, there has been certain appropriations set up or payments made for which no amount or an insufficient amount has been budgeted. These items have resulted in negative budget variances and/or negative funds available amounts and are detailed on page 6. The capital budget would be exceeded by approximately \$93,000 if the following differences are not accommodated during the remainder of the year.

	Items	000's
Accounts with no capital budget	6	\$86
Accounts in excess of budget	1	\$7

Appropriations

Appropriations entered into the system to date are approximately \$1,864,000. A summary of expenditures in excess of amounts appropriated by responsibility center and the detail of expenditures greater than \$1,000 and in excess of 10% of amounts appropriated by responsibility center and account number are shown on pages 4 and 5, respectively.

	Items	000's
Expenditures in excess of app.	6	\$11
Expenditures >\$1,000 & 10% of app.	2	\$11

Budget to Actual Reconciliation (in 000's)

	<u>107's</u>	<u>108's</u>	<u>Total</u>
WKG reported expenditures	\$ 757	\$ 78	\$ 835
Overheads	419	0	419
Work in progress closed to plant	(1,124)	0	(1,124)
Retirements/Other	(1)	1	0
Unreported expenditures/Closing credits	(61)	1	(60)
Amount per Atmos Financial Statements	<u>\$ (10)</u>	<u>\$ 80</u>	<u>\$ 70</u>

107's are general ledger accounts for plant, property and equipment.

108's are general ledger accounts for retirements, salvage value and cost of removal.

1998 Budget Reconciliation Including Overheads (in 000's)

	<u>Without Overhead</u>	<u>Overhead</u>	<u>With Overhead</u>
WKG	\$5,462	\$2,946	\$8,408

Status of Excess Items

All differences discussed in this report have been communicated to the appropriate Business Unit Controller.

The number of appropriations in excess of appropriated amounts increased from 4 last month to 6 this month. The variance decreased from approximately \$30,000 last month to approximately \$11,000 this month, a decrease of \$19,000.

Assuming all appropriated amounts will be spent, the projected minimum budget deficit has decreased to approximately \$93,000 year to date. This is a decrease of approximately \$20,000 from last month. Itemized details are presented below.

PROJECTED MINIMUM BUDGET DEFICIT

	<u>Prior Month YTD</u>	<u>Current Month YTD</u>	<u>Variance</u>
WKG	<u>\$113,000</u>	<u>\$93,000</u>	<u>(\$20,000)</u>

WESTERN KENTUCKY GAS COMPANY
 CAPITAL EXPENDITURE REPORT
 COMPANY SUMMARY BY RESPONSIBILITY CENTER - YTD
 NOVEMBER FISCAL YEAR 1999

Line No.	Resp Center	Description	Actual		Appropriation		Budget		Variance	Funds Committed	Funds Available	Line No.
			Amount	Variance	Amount	Variance	Amount	Variance				
1	1010000	WKG Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1	
2	1010100	Owensboro Office (720)	0	0	0	0	0	0	0	0	2	
3	1010900	Owensboro Storage & Transmission	(11,959)	(4,800)	7,159	0	11,959	(4,800)	0	4,800	3	
4	1011100	Owensboro Measurement Center (712)	0	0	0	0	0	0	0	0	4	
5	1016200	Owensboro Technical Services (701)	0	0	0	0	0	0	0	0	5	
6	2010100	Madisonville Office (730)	0	0	0	0	0	0	0	0	6	
7	3110100	Paducah Office (750)	0	0	0	0	0	0	0	0	7	
8	4110100	Bowling Green Office (760)	0	0	0	0	0	0	0	0	8	
9	5000000	WKG Administration	0	(2,900)	2,900	0	1,500	1,500	0	1,500	9	
10	5002700	Owensboro Operations	212,240	260,594	48,354	887,144	674,904	279,584	607,560	10		
11	5006200	WKG Technical Services	73,848	838,120	764,272	1,024,595	950,747	889,909	134,686	11		
12	5152700	Madisonville Operations	170,036	145,653	(24,383)	523,429	353,393	186,174	337,255	12		
13	5502700	Paducah Operations	90,197	120,154	29,957	812,115	721,918	172,993	639,122	13		
14	5602700	Bowling Green Operations	215,479	390,533	175,054	1,644,178	1,428,699	504,971	1,139,207	14		
15	5802700	Danville Operations	85,408	116,644	31,236	568,841	483,433	184,942	383,899	15		
16	6110100	Danville Office (780)	0	0	0	0	0	0	0	0	16	
17		Subtotal Western Kentucky Gas Company	835,249	1,863,998	1,028,749	5,461,802	4,626,553	2,213,773	3,248,029	N/A	17	
18	Ack:	Credit and Other Adjustments	N/A	338,491	338,491	N/A	N/A	N/A	N/A	N/A	18	
19	Ack:	Minimum Additional Appropriations Required	N/A	11,284	11,284	N/A	N/A	N/A	N/A	N/A	19	
20		Total Western Kentucky Gas Company	\$835,249	\$2,213,773	\$1,378,524	\$5,461,802	\$4,626,553	\$2,213,773	\$3,248,029		20	

WESTERN KENTUCKY GAS COMPANY
 CAPITAL BUDGET SYSTEM
 SUMMARY OF EXPENDITURES IN EXCESS OF AMOUNTS APPROPRIATED
 NOVEMBER FISCAL YEAR 1999

Resp Center	Description	Number of Appropriations	Actual	Appropriation Amount	Variance
5002700	Owensboro Operations	1	\$957	\$933	(\$24)
5006200	WKG Technical Services	2	9,876	9,215	(661)
5152700	Madisonville Operations	2	37,905	27,386	(10,519)
5602700	Bowling Green Operations	1	1,528	1,448	(80)
		<u>6</u>	<u>\$50,266</u>	<u>\$38,982</u>	<u>(\$11,284)</u>

WESTERN KENTUCKY GAS COMPANY
 CAPITAL BUDGET SYSTEM
 DETAIL OF EXPENDITURES GREATER THAN \$ 1,000 AND IN EXCESS OF 10% OF AMOUNT APPROPRIATED
 NOVEMBER FISCAL YEAR 1999

1st Month on Report	Resp Center	Description	Budget		Appropriation Description	AFE Number	Actual	Appropriation	
			Number	I.S.				Amount	Variance
11/98	5152700	Madisonville Operations	37601	20	515-Hwy-41 Hwy Relocation	215592001	\$35,789	\$27,231	(\$)
11/98	5152700	Madisonville Operations	37602	10	515-Castleton Drive Rev. Ext.	215855027	2,116	155	(
							\$37,905	\$27,386	(\$11
									2

WESTERN KENTUCKY GAS COMPANY
 CAPITAL BUDGET SYTSEM
 DETAIL OF EXPENDITURES AND/OR APPROPRIATIONS IN EXCESS OF BUDGET
 NOVEMBER FISCAL YEAR 1999

Resp Center	Description	Number I.S	Account Name	Actual	Appropriation		Budget		Funds Committed	Funds Available
					Amount	Variance	Amount	Variance		
5006200 WKG Technical Services	37602 10 Mains - Plastic			\$4,997	\$4,982	\$0	(\$4,997)	\$4,997	(\$4,997)	
5006200 WKG Technical Services	38100 10 Meters			39,940	487,341	480,431	440,491	487,341	(6,910)	
5152700 Madisonville Operations	37601 20 Mains - Steel			35,789	27,231	0	(8,558)	35,789	(35,789)	
5152700 Madisonville Operations	37800 10 Meas. And Reg. Sta. Equip. - General			594	3,537	0	(594)	3,537	(3,537)	
5502700 Paducah Operations	37602 20 Mains - Plastic			446	446	0	(446)	446	(446)	
5602700 Bowling Green Operations	38200 20 Meter Installations			2,160	2,160	0	(2,160)	2,160	(2,160)	
5802700 Danville Operations	37900 20 Meas & Reg Sta Eq - City Gte Chk Sta			35,219	39,107	0	(35,219)	39,107	(39,107)	
				\$119,145	\$564,804	\$480,431	\$361,286	\$573,377	(\$92,946)	

WESTERN KENTUCKY GAS COMPANY
CAPITAL BUDGET SYSTEM
TERMINOLOGY

Actual - This column represents actual General Ledger charges for Regular and Functional appropriations. These charges reflect expenditures through the month which appears in the title heading of the report.

Appropriation - Funds authorized for a capital expenditure by formal action for a specific use.

Appropriation Amount - This column represents two categories of authorized capital expenditures:

- (a) Regular Appropriation - an authorized capital expenditure amount manually entered into the appropriation system by selected company personnel. Regular Appropriations are listed through the date which appears in the first section, Purpose and Description, of the Capital Budget System Executive Report.
- (b) Functional Appropriation - a monthly computer generated appropriation reflecting actual expenditures. They are listed year-to-date through the month which appears in the title heading of the Capital Expenditure Report.

Appropriation Variance - This column represents the difference between the Appropriation Amount and Actual.

Budget Amount - This column represents the annual amount approved for capital expenditures.

Budget Variance - This column represents the difference between the Budget Amount and Actual.

Funds Committed - This column represents total commitment of funds for capital expenditures. It is the greater of the Actual or the Appropriation Amount.

Funds Available - This amount is the difference between the Budget Amount and Funds Committed. It is the balance of funds available for capital expenditures.

WKG Capital Expenditures YTD

	Annual Budget	Oct-98	% of Annual Budget	Nov-98	% of Annual Budget	Dec-98	% of Annual Budget	Jan-99	% of Annual Budget
Direct Capital Spending	\$5,462,000.00	\$419,751.90	7.68%	\$835,248.11	15.29%	\$1,393,501.12	25.51%	\$1,739,528.72	31.85%
BU A&G Overhead - Current Year Charges	1,840,000.00	114,739.68	6.24%	277,918.00	15.10%	415,525.81	22.58%	632,887.20	34.40%
Corp A & G Overhead - Current Year Charges	1,106,000.00	93,737.64	8.48%	187,475.28	16.95%	281,212.92	25.43%	374,950.56	33.90%
Total Capital Expenditures	\$8,408,000.00	\$628,229.22	7.47%	\$1,300,641.39	15.47%	\$2,090,239.85	24.86%	\$2,747,366.48	32.68%

Prior year OH
not in CY Budget

BU A&G Overhead

Prior Year Charges - Undistributed	\$1,078,272.99	\$1,035,534.37		\$955,174.83		\$851,640.86		\$792,922.21	
Prior Year Charges - Distributed		\$42,738.62	3.96%	\$123,098.16	11.42%	\$226,632.13	21.02%	\$285,350.78	26.46%
Current Year Charges - Undistributed		(\$25,687.20)		(\$7,878.39)		(\$57,562.37)		\$53,577.65	
Current Year Charges - Distributed		\$140,426.88		\$285,796.39		\$473,088.18		\$579,309.55	

Corporate A&G Overhead

Prior Year Charges - Undistributed	(\$121,854.59)	(\$112,696.31)		(\$103,276.48)		(\$91,062.73)		(\$84,135.26)	
Prior Year Charges - Distributed		(\$9,158.28)	7.52%	(\$18,578.11)	15.25%	(\$30,791.85)	25.27%	(\$37,719.33)	30.95%
Current Year Charges - Undistributed		\$14,802.01		\$27,349.66		\$15,816.48		\$49,845.89	
Current Year Charges - Distributed		\$78,935.63		\$160,125.62		\$265,396.44		\$325,104.67	

WKG Capital Expenditures YTD

	Annual Budget	Jan-99	% of Annual Budget	Feb-99	% of Annual Budget	Mar-99	% of Annual Budget
Direct Capital Spending	\$5,462,000.00	\$1,739,528.72	31.85%	\$1,891,984.81	34.64%	\$1,965,351.23	35.98%
BU A&G Overhead - Current Year Charges	1,840,000.00	632,887.20	34.40%	724,933.32	39.40%	855,533.27	46.50%
Corp A & G Overhead - Current Year Charges	1,106,000.00	374,950.56	33.90%	468,688.20	42.38%	562,425.84	50.85%
Total Capital Expenditures	<u>\$8,408,000.00</u>	<u>\$2,747,366.48</u>	<u>32.68%</u>	<u>\$3,085,606.33</u>	<u>36.70%</u>	<u>\$3,383,310.34</u>	<u>40.24%</u>

Prior year OH
not in CY Budget

BU A&G Overhead							
Prior Year Charges - Undistributed		\$792,922.21		\$736,574.65		\$697,474.54	
Prior Year Charges - Distributed	\$1,078,272.99	\$285,350.78	26.46%	\$341,698.34	31.69%	\$380,798.45	35.32%
Current Year Charges - Undistributed		\$53,577.65		\$43,691.65		\$103,559.94	
Current Year Charges - Distributed		\$579,309.55		\$681,241.67		\$751,973.33	
Coporate A&G Overhead							
Prior Year Charges - Undistributed		(\$84,135.26)		(\$77,578.83)		(\$72,977.88)	
Prior Year Charges - Distributed	(\$121,854.59)	(\$37,719.33)	30.95%	(\$44,275.76)	36.33%	(\$48,876.71)	40.11%
Current Year Charges - Undistributed		\$49,845.89		\$87,073.32		\$141,155.16	
Current Year Charges - Distributed		\$325,104.67		\$381,614.88		\$421,270.68	

WKG Capital Expenditures YTD

	Annual Budget	Apr-99	% of Annual Budget	May-99	% of Annual Budget	Jun-99	% of Annual Budget
Direct Capital Spending	\$5,462,000.00	\$2,101,309.95	38.47%	\$2,384,312.75	43.65%	\$2,567,585.75	47.01%
BU A&G Overhead - Current Year Charges	1,840,000.00	985,335.75	53.55%	1,098,755.76	59.71%	1,252,315.76	68.06%
Corp A & G Overhead - Current Year Charges	1,106,000.00	656,163.48	59.33%	749,901.12	67.80%	843,638.76	76.28%
Total Capital Expenditures	<u>\$8,408,000.00</u>	<u>\$3,742,809.18</u>	<u>44.51%</u>	<u>\$4,232,969.63</u>	<u>50.34%</u>	<u>\$4,663,540.27</u>	<u>55.47%</u>

Prior year OH
not in CY Budget

BU A&G Overhead							
Prior Year Charges - Undistributed		\$668,397.68		\$621,139.96		\$588,503.66	
Prior Year Charges - Distributed	\$1,078,272.99	\$409,875.31	38.01%	\$457,133.03	42.39%	\$489,769.33	45.42%
Current Year Charges - Undistributed		\$180,762.71		\$208,694.04		\$303,215.34	
Current Year Charges - Distributed		\$804,573.04		\$890,061.72		\$949,100.42	
Coporate A&G Overhead							
Prior Year Charges - Undistributed		(\$69,547.51)		(\$64,011.53)		(\$60,418.07)	
Prior Year Charges - Distributed	(\$121,854.59)	(\$52,307.08)	42.93%	(\$57,843.05)	47.47%	(\$61,436.52)	50.42%
Current Year Charges - Undistributed		\$205,326.29		\$251,349.09		\$313,992.26	
Current Year Charges - Distributed		\$450,837.19		\$498,552.03		\$529,646.50	

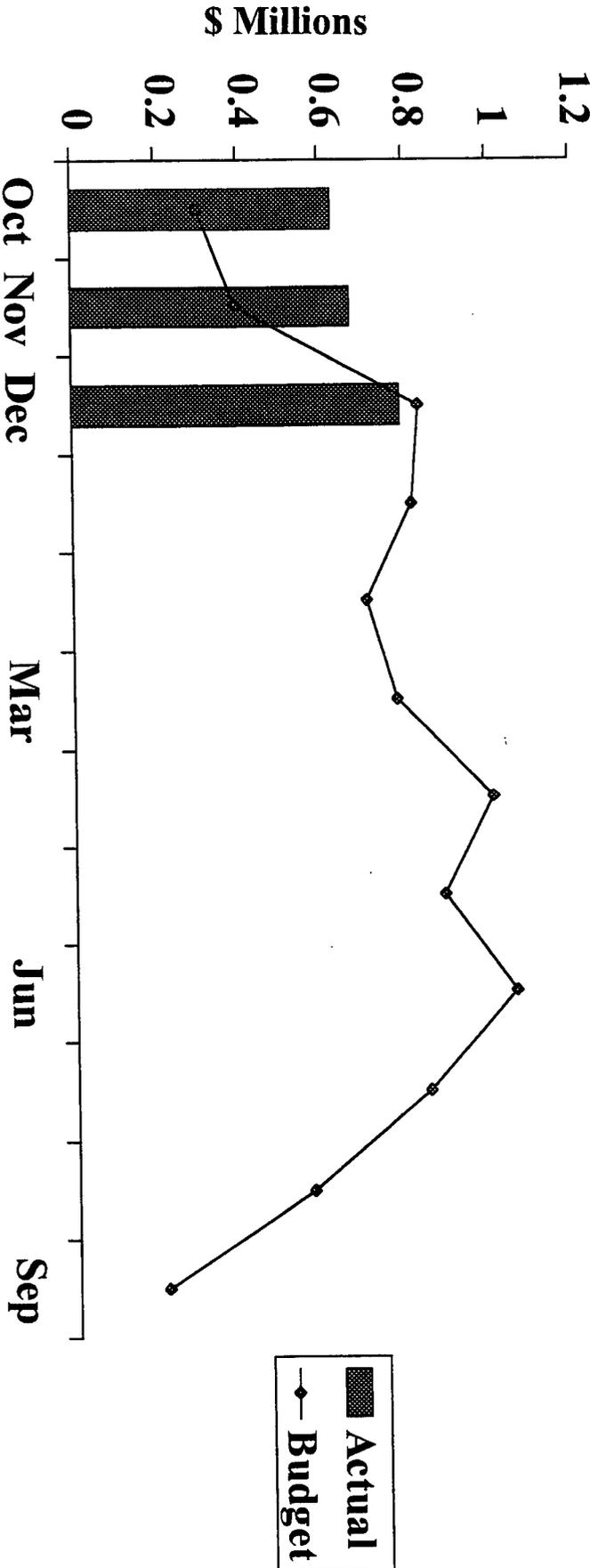
WKG	Oct	Nov	Dec	Jan	Feb	Mar
Direct Capital Spending - Monthly	\$419,751.90	\$415,496.21	\$558,253.01	\$346,027.60	\$152,456.09	\$73,366.42
BU A&G Overhead - Current Year Charges	\$114,739.68	\$163,178.32	\$137,607.81	\$217,361.39	\$92,046.12	\$130,599.95
Corporate Overhead - Current Year Charges	\$93,737.64	\$93,737.64	\$93,737.64	\$93,737.64	\$93,737.64	\$93,737.64
BU A&G Overhead						
Prior Year Charges - Undistributed	\$42,738.62	\$80,359.54	\$103,533.97	\$58,718.65	\$56,347.57	\$39,100.11
Prior Year Charges - Distributed	(\$25,687.20)	\$17,808.81	(\$49,683.98)	\$111,140.02	(\$9,885.99)	\$59,868.29
Current Year Charges - Undistributed	\$140,426.88	\$145,369.51	\$187,291.79	\$106,221.37	\$101,932.11	\$70,731.66
Corporate A&G Overhead						
Prior Year Charges - Undistributed	(\$112,696.31)	(\$103,276.48)	(\$91,062.73)	(\$84,135.26)	(\$77,578.83)	(\$72,977.88)
Prior Year Charges - Distributed	(\$9,158.28)	(\$9,419.83)	(\$12,213.74)	(\$6,927.47)	(\$6,556.43)	(\$4,600.95)
Current Year Charges - Undistributed	\$14,802.01	\$12,547.65	(\$11,533.18)	\$34,029.42	\$37,227.43	\$54,081.84
Current Year Charges - Distributed	\$78,935.63	\$81,189.99	\$105,270.82	\$59,708.22	\$56,510.21	\$39,655.80
Direct Capital Spending YTD	\$419,751.90	\$835,248.11	\$1,393,501.12	\$1,739,528.72	\$1,891,984.81	\$1,965,351.23
BU A&G Overhead - Current Year Charges	\$114,739.68	\$277,918.00	\$415,525.81	\$632,887.20	\$724,933.32	\$855,533.27
Corp A & G Overhead - Current Year Charges	\$93,737.64	\$187,475.28	\$281,212.92	\$374,950.56	\$468,688.20	\$562,425.84
Total Cap Expenditures	\$628,229.22	\$1,300,641.39	\$2,090,239.85	\$2,747,366.48	\$3,085,606.33	\$3,383,310.34
BU A&G Overhead						
Prior Year Charges - Undistributed	\$1,035,534.37	\$955,174.83	\$851,640.86	\$792,922.21	\$736,574.65	\$697,474.54
Prior Year Charges - Distributed	\$42,738.62	\$123,098.16	\$226,632.13	\$285,350.78	\$341,698.34	\$380,798.45
Current Year Charges - Undistributed	(\$25,687.20)	(\$7,878.39)	(\$57,562.37)	\$53,577.65	\$43,691.65	\$103,559.94
Current Year Charges - Distributed	\$140,426.88	\$285,796.39	\$473,088.18	\$579,309.55	\$681,241.67	\$751,973.33
Corporate A&G Overhead						
Prior Year Charges - Undistributed	(\$112,696.31)	(\$103,276.48)	(\$91,062.73)	(\$84,135.26)	(\$77,578.83)	(\$72,977.88)
Prior Year Charges - Distributed	(\$9,158.28)	(\$18,578.11)	(\$30,791.85)	(\$37,719.33)	(\$44,275.76)	(\$48,876.71)
Current Year Charges - Undistributed	\$14,802.01	\$27,349.66	\$15,816.48	\$49,845.89	\$87,073.32	\$141,155.16
Current Year Charges - Distributed	\$78,935.63	\$160,125.62	\$265,396.44	\$325,104.67	\$381,614.88	\$421,270.68

WKG	Apr	May	Jun
Direct Capital Spending - Monthly	\$135,958.72	\$283,002.80	\$183,273.00
BU A&G Overhead - Current Year Charges	\$129,802.48	\$113,420.01	\$153,560.00
Corporate Overhead - Current Year Charges	\$93,737.64	\$93,737.64	\$93,737.64
BU A&G Overhead			
Prior Year Charges - Undistributed	\$29,076.86	\$47,257.72	\$32,636.30
Prior Year Charges - Distributed	\$77,202.77	\$27,931.33	\$94,521.30
Current Year Charges - Undistributed	\$52,599.71	\$85,488.68	\$59,038.70
Current Year Charges - Distributed			
Corporate A&G Overhead			
Prior Year Charges - Undistributed	(\$69,547.51)	(\$64,011.53)	(\$60,418.07)
Prior Year Charges - Distributed	(\$3,430.37)	(\$5,535.98)	(\$3,593.46)
Current Year Charges - Undistributed	\$64,171.13	\$46,022.79	\$62,643.18
Current Year Charges - Distributed	\$29,566.51	\$47,714.85	\$31,094.46
Direct Capital Spending YTD	\$2,101,309.95	\$2,384,312.75	\$2,567,585.75
BU A&G Overhead - Current Year Charges	\$985,335.75	\$1,098,755.76	\$1,252,315.76
Corp A &G Overhead - Current Year Charges	\$656,163.48	\$749,901.12	\$843,638.76
Total Cap Expenditures	\$3,742,809.18	\$4,232,969.63	\$4,663,540.27
BU A&G Overhead			
Prior Year Charges - Undistributed	\$668,397.68	\$621,139.96	\$588,503.66
Prior Year Charges - Distributed	\$409,875.31	\$457,133.03	\$489,769.33
Current Year Charges - Undistributed	\$180,762.71	\$208,694.04	\$303,215.34
Current Year Charges - Distributed	\$804,573.04	\$890,061.72	\$949,100.42
Coporate A&G Overhead			
Prior Year Charges - Undistributed	(\$69,547.51)	(\$64,011.53)	(\$60,418.07)
Prior Year Charges - Distributed	(\$52,307.08)	(\$57,843.05)	(\$61,436.52)
Current Year Charges - Undistributed	\$205,326.29	\$251,349.09	\$313,992.26
Current Year Charges - Distributed	\$450,837.19	\$498,552.03	\$529,646.50



Capital Expenditures by Month

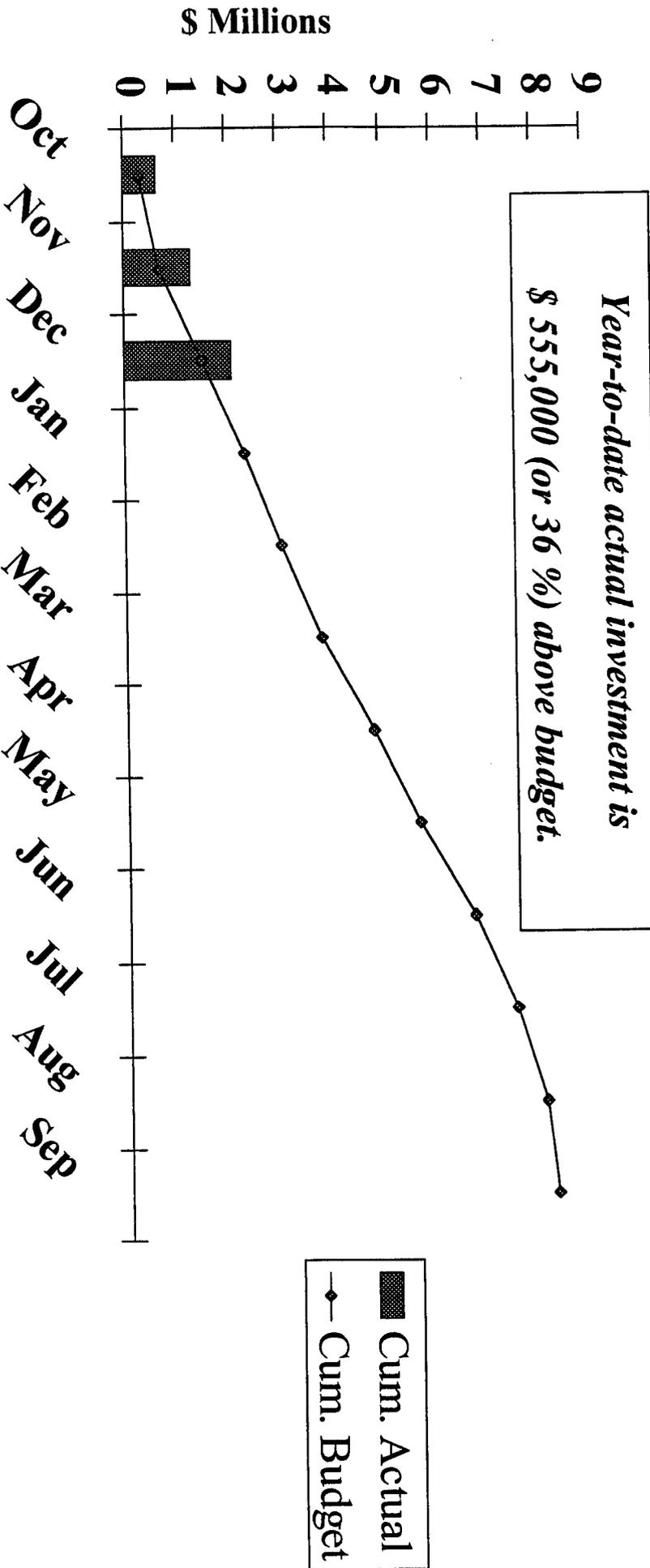
Fiscal Year 1999, 1st Quarter Review





Cumulative 1999 Capital Expenditures

Fiscal Year 1999, 1st Quarter Review

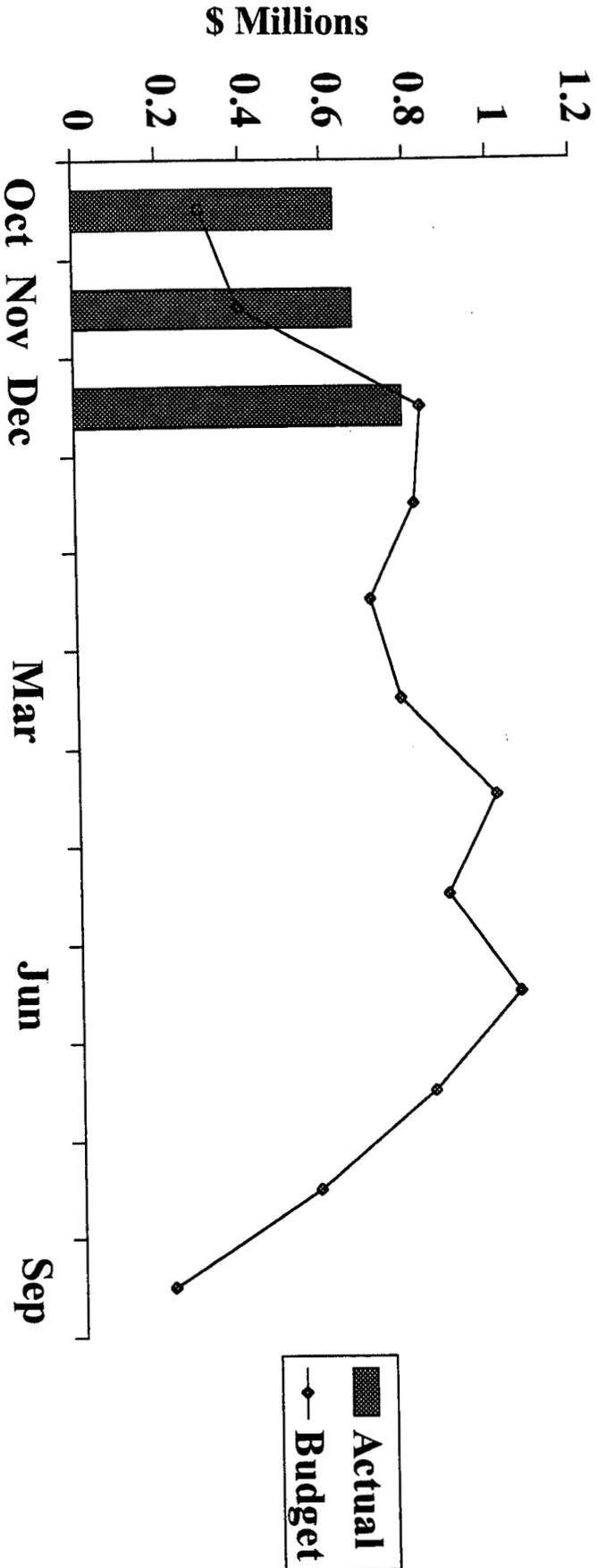


- *1st quarter expenditures are equivalent to 26% of the total capital budget*
- *Reducing usage of contractors*
- *Implementing ways to reduce installations costs-joint trenching, "sleeves" under roadways*
- *Reviewing remaining budget items for potential deferrals*



Capital Expenditures by Month

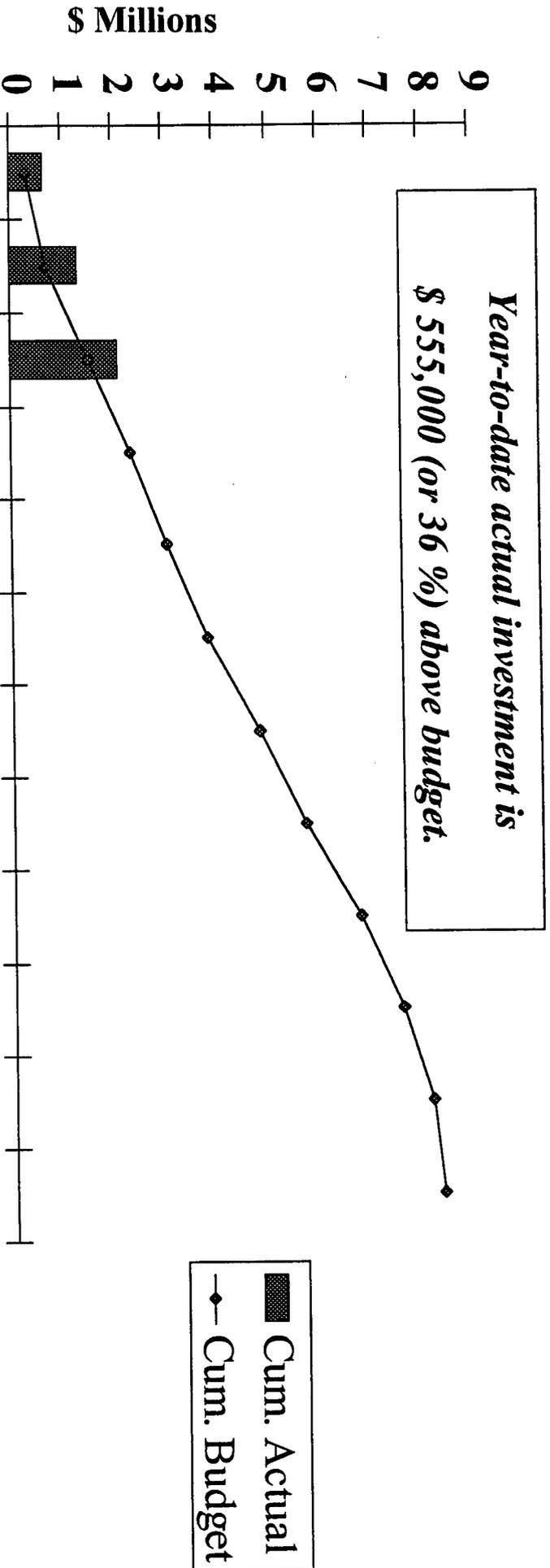
Fiscal Year 1999, 1st Quarter Review





Cumulative 1999 Capital Expenditures

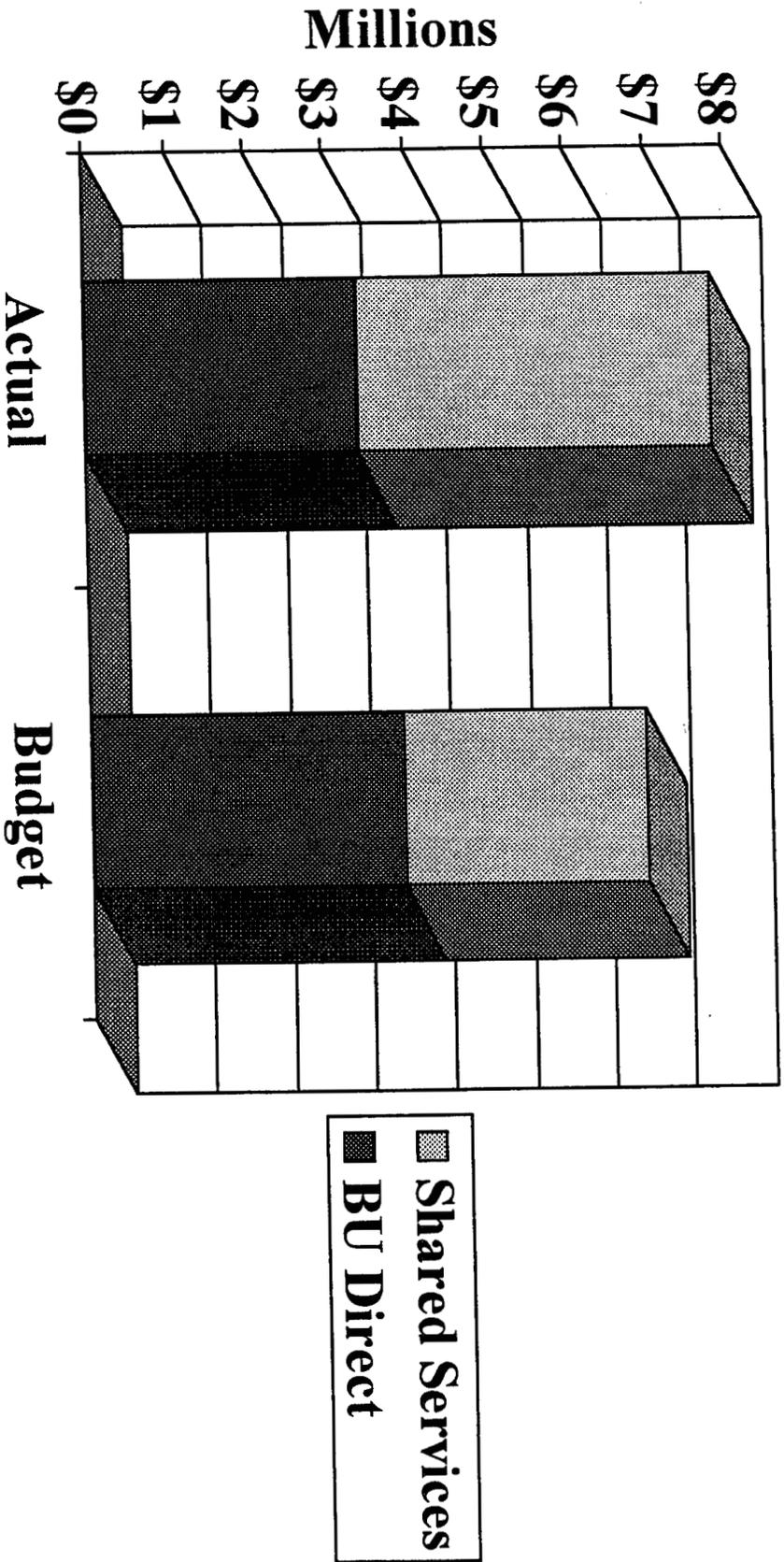
Fiscal Year 1999, 1st Quarter Review



- *Year-to-date actual investment is \$ 555,000 (or 36 %) above budget.*
- *1st quarter expenditures are equivalent to 26% of the total capital budget*
- *Reducing usage of contractors*
- *Implementing ways to reduce installations costs-joint trenching, "sleeves" under roadways*
- *Reviewing remaining budget items for potential deferrals*

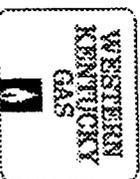
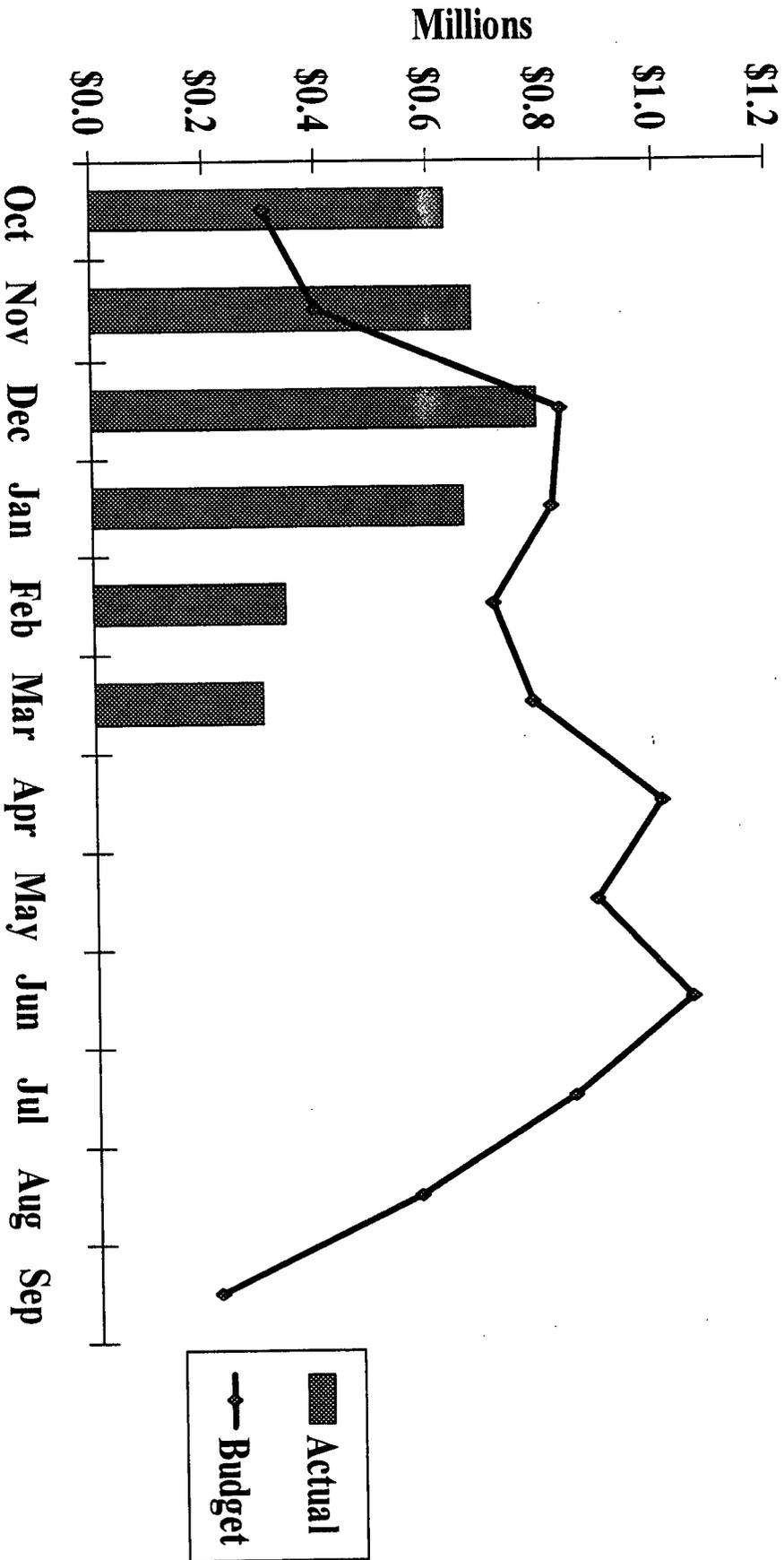


Total Capital Investment - Year To Date





BU Capital Expenditures by Month



Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 192
Witness: David H. Doggette

Data Request:

192. Please provide copies of the quarterly capital budget variance reports with explanations for each year presented in the chart on page 8 of Mr. Doggette's testimony.

Response:

The quarterly review process was established in FY 1998 so there are no prior year quarterly reviews available. See attached slides 1 through 5 that were used in the quarterly reviews for FY 1998. Variance explanations to the Management Committee were communicated verbally except where noted on the slides.



1st Quarter Review

Capital Budget

Actual & Projected Expenditures

(000's) Includes Overhead

	<u>FY 1998</u>	<u>Budget</u>	<u>Variance</u>
Capital Expenditures			
1st Quarter-Actuals FYTD (12/31/1997)	<u>\$ 2,799</u>	<u>\$ 2,141</u>	<u>\$ (658) [1]</u>
2nd Quarter - Projected	2,062	1,832	(230) [2]
3rd Quarter - Projected	2,752	2,752	-
4th Quarter - Projected	<u>\$ 3,469</u>	<u>\$ 3,469</u>	<u>\$ -</u>
Total Capital Expenditures	<u>\$ 11,082</u>	<u>\$ 10,194</u>	<u>\$ (888)</u>

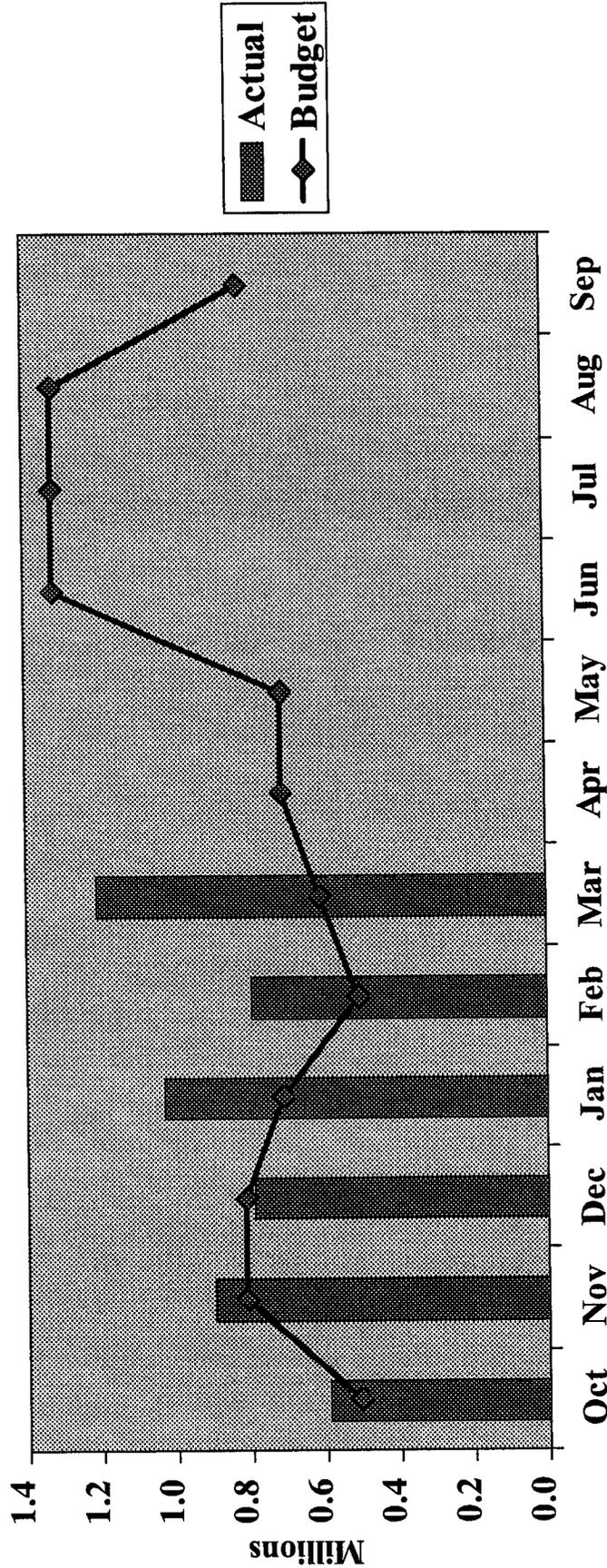
Notes: [1]-Includes \$ 530,000 (unbudgeted) for Hopkinsville Industrial Park .

[2]-Includes \$ 230,000 (unbudgeted) for McLean County industrial extension.



Capital Expenditures by Month

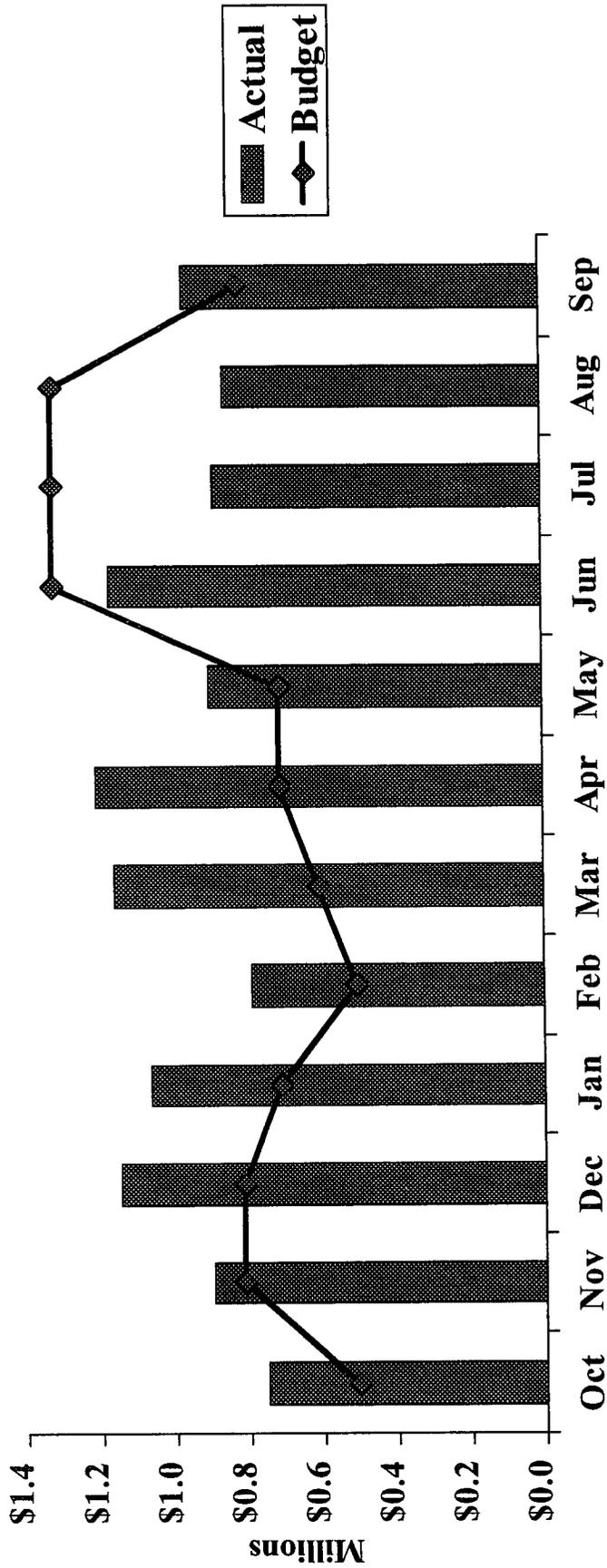
Second Quarter Review





Capital Expenditures by Month

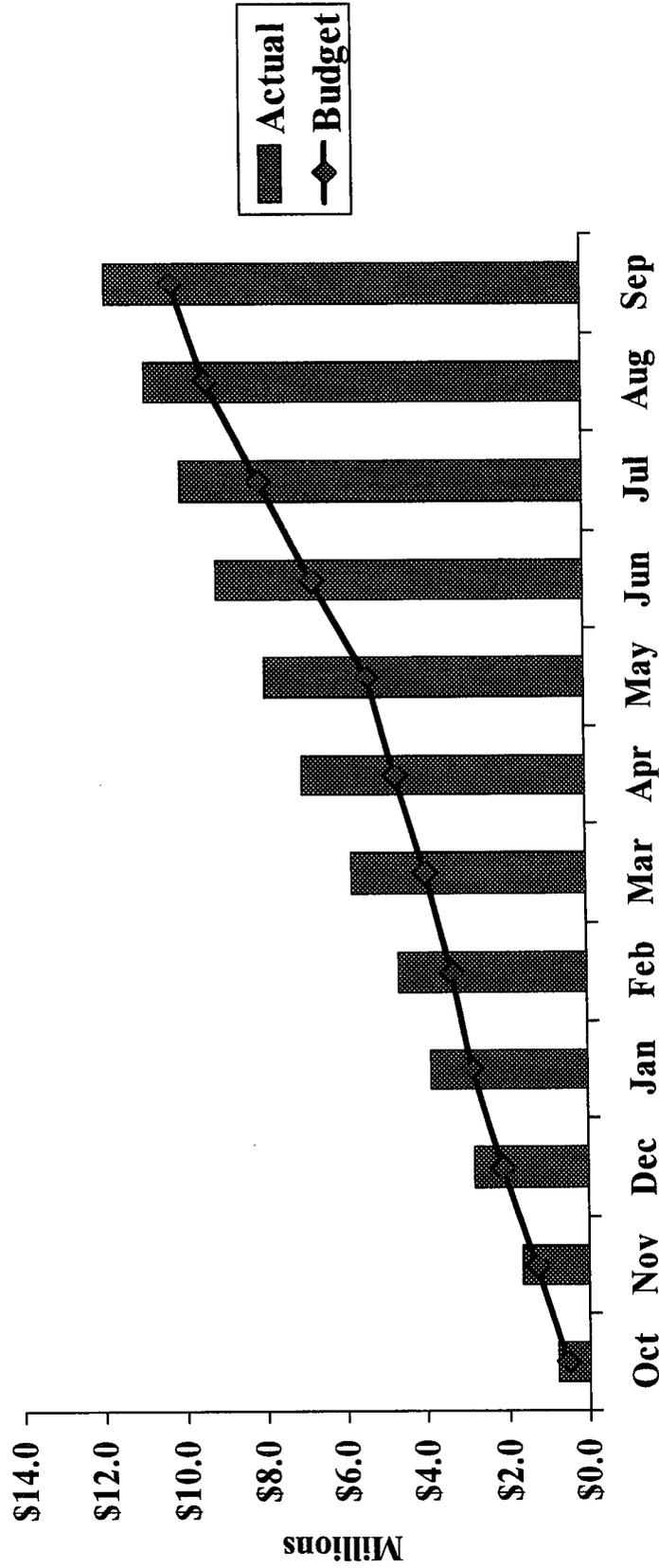
Fourth Quarter Review





Cumulative 1998 Capital Expenditures

Fourth Quarter Review





FY 1998 Capital Budget Review

Fourth Quarter Review

<u>Area</u>	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
Owensboro	\$1,532,015	\$1,394,786	\$(137,229)
Madisonville	669,407	639,417	(29,990)
Paducah	941,046	889,224	(51,822)
BG	2,356,247	1,699,508	(656,739)*
Danville	917,321	1,070,667	153,346
Tech. Svcs.	<u>1,181,964</u>	<u>1,603,114</u>	<u>421,150</u>
Total	\$7,598,000	\$7,296,716	\$(301,284)

*Commerce Park - \$575,494 unbudgeted

The contracted load for the park is 200 Mcfh.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 193
Witness: David H. Doggette

Data Request:

193. Please explain why a zero-based approach was not used to develop the forecasted test year capital budget.

Response:

Please see the response to KPSC Data request Dated July 16, 1999, DR Item 9a, for witness David H. Doggette.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 194
Witness: David H. Doggette

Data Request:

194. Please explain how the Shared Services' capital budget is incorporated in the capital budget presented in Exhibit DHD-1.

Response:

Shared Services' capital budget is not incorporated in Exhibit DHD-1.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 195
Witness: David H. Doggette

Data Request:

195. With respect to the development of the Shared Services' capital budget:
- a. Please provide copies of FY 1999, FY 2000 and FY 2001 capital budgets.
 - b. Please provide backup documentation and explain how the budgets for FY 2000 and FY 2001 were derived. If the budgets for those years were developed in a manner similar to the budgets presented in Exhibit DHD-1, provide rates (and supporting documents) used for overheads, maintenance and improvements, price increase.
 - c. Please discuss all areas where the controls and monitoring of Shared Services' capital budget differ from WKG's capital budgeting practices.

Response:

- a. The Shared Services capital budget for FY 1999, FY 2000 and FY 2001 are attached as DR 195, Schedule 1.
- b. Refer to KPSC DR1-83. Western's shared services test period capital budget was developed as part of an overall process to align our information technology strategy (IT strategy) with our customer services goals and future business needs. A goal of the IT strategy is to share among the business units the investment required to allow us to achieve our shared vision of superior customer service and low cost. This budget was developed with the input and participation of Western in various corporate initiatives and governance councils. Western's forecasted investment was based upon its percentage of customers to the total Atmos customer count, approximately 17%.
- c. There are no differences in the control and monitoring of the Shared Services' capital budget. All business units, as well as Shared Services, are provided the same guidelines and have the same accountability for the capital budgeting practices.

DR 195, Schedule 1

WESTERN'S SHARED SERVICES CAPITAL BUDGET

	<u>FY 1999</u>		<u>FY 2000</u>		<u>FY 2001</u>
IT Strategy	\$ 3,046,000	\$	1,980,000	\$	1,468,000
Shared Service	<u>\$ 177,000</u>	<u>\$</u>	<u>76,000</u>	<u>\$</u>	<u>74,000</u>
Total Capital	\$ 3,223,000	\$	2,056,000	\$	1,542,000

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 196
Witness: David H. Doggette

Data Request:

196. For Fiscal Year 1999 most recent date during 1999, please provide an analysis that shows the capital budget, the actual expenditures and the budget variance explanations.

Response:

The attached AMS720-2 report is current through May. Under budget variances can be attributed to scheduling of work, postponed dates by joint utilities, customers requests and process changes for efficiency. Because of the timing issues, under budget variances are usually corrected over the course of the year. Only the budget number totals with a variance exceeding 10 percent and \$1,000 are explained below.

Responsibility center 5152700 in Madisonville Budget Number 37601 was over budget for steel mains. Conversely, 37602 plastic mains was greatly under. This is a situation where the forecast of steel versus plastic was not correct. The overall maintenance of mains in Madisonville is within acceptable limits.

Description	Actual	Budget	Variance
Mains- Steel	\$83,628	\$52,396	-\$31,232
Mains- Plastic	\$46,033	\$142,433	\$96,399
	<u>\$129,661</u>	<u>\$194,829</u>	<u>\$65,168</u>

Responsibility center 5802700 in Danville Budget Number 37900 was an unbudgeted non-reimbursable highway relocation project. The relocation was not forecasted for this budget year creating a variance of \$41,864.

RESP CTR: 5002700 OWENSBORO OPERATIONS

OPCO: 40

BUDGET NO	DESCRIPTION	APPROPRIATION			BUDGET		
		ACTUAL	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS COMMITTED
37600 40	- MAINS - CATHODIC PROTECTI	3,385.66	3,386	0	22,000	18,614	3,386
37600 98	- MAINS - CATHODIC PROTECTI	18.93	0	18	0	18	0
	TOTAL - BUDGET NO: 37600	3,366.73	3,386	19	22,000	18,633	3,386
37601 10	- MAINS - STEEL	1,568.31	934	634	4,900	3,331	1,568
37601 20	- MAINS - STEEL	6,274.83	5,555	719	62,035	55,760	6,274
37601 30	- MAINS - STEEL	23,503.63	23,503	0	47,580	24,076	23,503
37601 81	- MAINS - STEEL	0.00	937	937	18,530	18,530	0
37601 98	- MAINS - STEEL	5,091.10	3,944	1,147	2,940	2,151	5,091
37601 99	- MAINS - STEEL	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 37601	36,437.87	32,999	3,438	98,925	62,487	36,438
37602 10	- MAINS - PLASTIC	85,109.94	96,968	11,858	212,500	127,390	98,530
37602 20	- MAINS - PLASTIC	14,586.57	12,176	2,410	14,976	389	19,595
37602 30	- MAINS - PLASTIC	10,047.72	10,048	0	14,500	4,452	10,048
37602 81	- MAINS - PLASTIC	12,809.00	12,809	0	89,556	76,747	12,809
37602 82	- MAINS - PLASTIC	0.00	0	0	0	0	0
37602 83	- MAINS - PLASTIC	10,663.00	1	10,662	1	10,662	0
37602 98	- MAINS - PLASTIC	3,474.16	2,768	706	5,895	2,420	3,474
	TOTAL - BUDGET NO: 37602	89,746.39	109,150	19,403	158,314	68,567	118,839
37800 98	- MEAS. AND REG. STA. EQUIP	19.74	0	19	0	19	0
37800 99	- MEAS. AND REG. STA. EQUIP	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 37800	19.74	0	19	0	19	0
38000 10	- SERVICES	228,458.80	228,459	0	314,900	86,441	228,459
38000 30	- SERVICES	79,653.89	79,654	0	96,750	17,096	79,654
38000 98	- SERVICES	46,469.42	46,469	0	67,500	21,030	46,469
	TOTAL - BUDGET NO: 38000	354,582.11	354,582	0	479,150	124,567	354,582
38200 10	- METER INSTALLATIONS	66,450.09	66,450	0	46,255	20,195	66,450
38200 20	- METER INSTALLATIONS	18,414.81	18,415	0	67,500	49,085	18,415
38200 98	- METER INSTALLATIONS	10,903.67	10,904	0	15,000	4,096	10,904
	TOTAL - BUDGET NO: 38200	95,768.57	95,769	0	128,755	32,986	95,769
38700 98	- OTHER EQUIPMENT (DISTRIBU	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 38700	0.00	0	0	0	0	0
39200 98	- TRANSPORTATION EQUIPMENT	22,425.80	24,751	2,325	0	22,425	22,325
	TOTAL - BUDGET NO: 39200	22,425.80	24,751	2,325	0	22,425	22,325
	TOTAL - RESP CTR: 5002700	557,456.13	571,135	13,678	887,144	329,687	586,690
					FUNDS AVAILABLE		300,453
	TOTAL RESP CTR: 5002700	513,982.25	531,801	17,818	795,809	281,826	543,076
	TOTAL 1070:				FUNDS AVAILABLE		252,732
	TOTAL 1080:	43,473.88	39,334	4,139	91,335	47,861	43,614
					FUNDS AVAILABLE		47,720

RESP CTR: 5006200 WKG TECHNICAL SERVICES

OPCO: 40

BUDGET NO	DESCRIPTION	ACTUAL			APPROPRIATION			BUDGET			FUNDS COMMITTED
		AMOUNT	VARIANCE	AMOUNT	AMOUNT	VARIANCE	AMOUNT	VARIANCE	AMOUNT		
35100	98 - STRUCTURES AND IMPROVEMEN	0.00	0	0	0	0	300	300	0	0	
	TOTAL - BUDGET NO: 35100	0.00	0	0	0	0	300	300	0	0	
35200	98 - WELLS	24,834.66	665	25,500	665	25,900	25,900	1,065	25,998	25,998	
	TOTAL - BUDGET NO: 35200	24,834.66	665	25,500	665	25,900	25,900	1,065	25,998	25,998	
35300	10 - LINES	0.00	0	0	0	25,512	25,512	25,512	0	0	
35300	20 - LINES	0.00	0	0	0	5,962	5,962	5,962	0	0	
	TOTAL - BUDGET NO: 35300	0.00	0	0	0	31,474	31,474	31,474	0	0	
35600	98 - PURIFICATION EQUIPMENT	310.69	60-	250	60-	0	0	310-	310	310	
	TOTAL - BUDGET NO: 35600	310.69	60-	250	60-	0	0	310-	310	310	
36701	20 - MAINS - STEEL	0.00	0	0	0	9,476	9,476	9,476	0	0	
36701	30 - MAINS - STEEL	3,034.78	13,089	16,124	13,089	21,250	21,250	18,215	16,124	16,124	
36701	98 - MAINS - STEEL	0.00	0	0	0	1,280	1,280	1,280	0	0	
	TOTAL - BUDGET NO: 36701	3,034.78	13,089	16,124	13,089	32,006	32,006	28,971	16,124	16,124	
36900	20 - MEASURING AND REG. STATIO	0.00	0	0	0	0	0	0	0	0	
	TOTAL - BUDGET NO: 36900	0.00	0	0	0	0	0	0	0	0	
37600	69 - MAINS - CATHODIC PROTECTI	2,506.69	28,493	31,000	28,493	100,000	100,000	97,493	31,000	31,000	
	TOTAL - BUDGET NO: 37600	2,506.69	28,493	31,000	28,493	100,000	100,000	97,493	31,000	31,000	
37601	98 - MAINS - STEEL	373.63	373-	0	373-	0	0	373-	373	373	
	TOTAL - BUDGET NO: 37601	373.63	373-	0	373-	0	0	373-	373	373	
37602	10 - MAINS - PLASTIC	4,996.66	14-	4,982	14-	0	0	4,986-	4,996	4,996	
	TOTAL - BUDGET NO: 37602	4,996.66	14-	4,982	14-	0	0	4,986-	4,996	4,996	
37800	10 - MEAS. AND REG. STA. EQUIP	491.78	241-	250	241-	250	250	241-	491	491	
37800	98 - MEAS. AND REG. STA. EQUIP	404.11	795	1,200	795	1,200	1,200	795	1,200	1,200	
	TOTAL - BUDGET NO: 37800	895.89	554	1,450	554	1,450	1,450	554	1,691	1,691	
37900	10 - MEAS & REG STA EQ - CITY	53,445.84	12,554	66,000	12,554	66,000	66,000	12,554	66,000	66,000	
	TOTAL - BUDGET NO: 37900	53,445.84	12,554	66,000	12,554	66,000	66,000	12,554	66,000	66,000	
38100	10 - METERS	146,547.70	294,837	441,385	294,837	480,431	480,431	333,883	441,385	441,385	
38100	98 - METERS	26,536.47	18,766-	7,770	18,766-	7,770	7,770	18,766-	28,750	28,750	
	TOTAL - BUDGET NO: 38100	173,084.17	276,070	449,155	276,070	488,201	488,201	315,116	470,135	470,135	
38300	10 - HOUSE REGULATORS	39,614.43	66,919	106,534	66,919	106,534	106,534	66,919	107,051	107,051	
38300	98 - HOUSE REGULATORS	0.00	100	100	100	100	100	100	100	100	
	TOTAL - BUDGET NO: 38300	39,614.43	67,019	106,634	67,019	106,634	106,634	67,019	107,151	107,151	
38500	20 - INDUSTRIAL MEASURING AND	62,646.60	1.1,067	73,714	1.1,067	98,000	98,000	35,353	74,512	74,512	

RESP CTR: 5006200 WKG TECHNICAL SERVICES

OPCO: 40

BUDGET NO	DESCRIPTION	APPROPRIATION				BUDGET		FUNDS COMMITTED
		ACTUAL	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS	
38500	83 - INDUSTRIAL MEASURING AND	22,021.86-	14,557	36,578	26,400-	4,378-	44,181	
38500	98 - INDUSTRIAL MEASURING AND	89.36	0	89-	2,800	2,710	89	
	TOTAL - BUDGET NO: 38500	40,714.10	88,271	47,556	74,400	33,685	118,783	
38700	3 - OTHER EQUIPMENT (DISTRIBU	2,412.92	2,250	162-	2,250	162-	2,412	
	TOTAL - BUDGET NO: 38700	2,412.92	2,250	162-	2,250	162-	2,412	
39200	98 - TRANSPORTATION EQUIPMENT	0.00	24,500-	24,500-	0	0	0	
	TOTAL - BUDGET NO: 39200	0.00	24,500-	24,500-	0	0	0	
39400	3 - TOOLS SHOP AND GARAGE EQU	3,516.88	3,996	479	4,000	483	3,996	
39400	98 - TOOLS SHOP AND GARAGE EQU	0.00	7,000	7,000	0	0	7,000	
	TOTAL - BUDGET NO: 39400	3,516.88	10,996	7,479	4,000	483	10,996	
39700	3 - COMMUNICATION EQUIPMENT -	0.00	0	0	40,000	40,000	0	
	TOTAL - BUDGET NO: 39700	0.00	0	0	40,000	40,000	0	
39701	3 - COMMUNICATION EQUIP. - MD	0.00	0	0	6,000	6,000	0	
	TOTAL - BUDGET NO: 39701	0.00	0	0	6,000	6,000	0	
39905	98 - MAINFRAME HARDWARE	0.00	0	0	0	0	0	
	TOTAL - BUDGET NO: 39905	0.00	0	0	0	0	0	
39906	3 - PC HARDWARE	31,804.24	35,480	3,675	35,980	4,175	35,572	
	TOTAL - BUDGET NO: 39906	31,804.24	35,480	3,675	35,980	4,175	35,572	
39907	3 - PC SOFTWARE	10,311.76	10,000	311-	10,000	311-	10,311	
	TOTAL - BUDGET NO: 39907	10,311.76	10,000	311-	10,000	311-	10,311	
	TOTAL - RESP CTR: 5006200	391,857.34	823,592	431,734	1,024,595	632,737	901,859	
					FUNDS AVAILABLE		122,735	
	TOTAL RESP CTR: 5006200							
	TOTAL 1070:	339,308.42	806,272	466,963	985,245	645,936	838,036	
					FUNDS AVAILABLE		147,208	
	TOTAL 1080:	52,548.92	17,320	35,228-	39,350	13,198-	63,823	
					FUNDS AVAILABLE		24,473-	

RESP CTR: 5152700 MADISONVILLE OPERATIONS

OPCO: 40

BUDGET NO	DESCRIPTION	ACTUAL			APPROPRIATION			BUDGET		
		AMOUNT	VARIANCE	AMOUNT	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS COMMITTED	
36700	40 - MAINS - CATHODIC PROTECTI	0.00	0	0	1,537	1,537	0	0	0	
	TOTAL - BUDGET NO: 36700	0.00	0	0	1,537	1,537	0	0	0	
36701	83 - MAINS - STEEL	0.00	0	0	0	0	0	0	0	
36701	98 - MAINS - STEEL	0.00	0	0	0	0	0	0	0	
	TOTAL - BUDGET NO: 36701	0.00	0	0	0	0	0	0	0	
36900	20 - MEASURING AND REG. STATIO	0.00	0	0	5,959	5,959	0	0	0	
	TOTAL - BUDGET NO: 36900	0.00	0	0	5,959	5,959	0	0	0	
37600	40 - MAINS - CATHODIC PROTECTI	11,268.73	11,269	0	17,000	5,731	0	11,269	0	
37600	98 - MAINS - CATHODIC PROTECTI	0.00	0	0	100	100	0	100	0	
	TOTAL - BUDGET NO: 37600	11,268.73	11,269	0	17,100	5,831	0	11,269	0	
37601	10 - MAINS - STEEL	0.00	0	0	18,801	18,801	0	18,801	0	
37601	20 - MAINS - STEEL	64,327.33	64,327	3,750	0	64,327	0	64,327	0	
37601	30 - MAINS - STEEL	16,064.80	16,065	0	28,700	12,635	0	16,065	0	
37601	83 - MAINS - STEEL	881.00	881	0	0	881	0	881	0	
37601	98 - MAINS - STEEL	4,117.53	4,529	411	4,895	777	0	5,029	0	
	TOTAL - BUDGET NO: 37601	83,628.66	80,290	3,338	52,396	31,232	0	84,541	0	
37602	10 - MAINS - PLASTIC	31,370.04	37,723	6,352	123,133	91,762	0	37,797	0	
37602	20 - MAINS - PLASTIC	3,710.98	1,367	2,343	1,159	2,551	0	13,049	0	
37602	30 - MAINS - PLASTIC	16,894.44	16,895	0	34,808	17,913	0	16,895	0	
37602	81 - MAINS - PLASTIC	6,547.00	6,547	0	19,311	12,764	0	6,547	0	
37602	83 - MAINS - PLASTIC	0.00	0	0	0	0	0	0	0	
37602	98 - MAINS - PLASTIC	604.79	677	72	2,644	2,039	0	677	0	
	TOTAL - BUDGET NO: 37602	46,033.25	50,115	4,081	142,433	96,399	0	61,871	0	
37800	10 - MEAS. AND REG. STA. EQUIP	908.50	909	0	0	908	0	909	0	
37800	20 - MEAS. AND REG. STA. EQUIP	0.00	0	0	5,000	5,000	0	0	0	
37800	98 - MEAS. AND REG. STA. EQUIP	125.47	125	0	0	125	0	0	0	
	TOTAL - BUDGET NO: 37800	783.03	909	125	5,000	4,216	0	909	0	
38000	10 - SERVICES	105,275.59	105,835	559	146,492	41,216	0	105,835	0	
38000	30 - SERVICES	33,446.35	33,446	0	36,040	2,593	0	33,446	0	
38000	98 - SERVICES	22,728.42	22,728	0	33,036	10,307	0	22,728	0	
	TOTAL - BUDGET NO: 38000	161,450.36	162,009	558	215,568	54,117	0	162,009	0	
38200	10 - METER INSTALLATIONS	32,752.85	32,753	0	39,690	6,937	0	32,753	0	
38200	20 - METER INSTALLATIONS	12,502.84	12,503	0	34,965	22,462	0	12,503	0	
38200	98 - METER INSTALLATIONS	5,085.61	5,086	0	8,781	3,695	0	5,086	0	
	TOTAL - BUDGET NO: 38200	50,341.30	50,342	0	83,436	33,094	0	50,342	0	
38700	98 - OTHER EQUIPMENT (DISTRIBU	0.00	0	0	0	0	0	0	0	
	TOTAL - BUDGET NO: 38700	0.00	0	0	0	0	0	0	0	

RESP CTR: 5502700 PADUCAH OPERATIONS

OPCO: 40

BUDGET NO	DESCRIPTION	APPROPRIATION				BUDGET			
		ACTUAL	AMOUNT	VARIANCE	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS COMMITTED
36600	83 - STRUCTURES AND IMPROVEMEN	18,124.03-	0	18,124	0	18,124	0	18,124	0
	TOTAL - BUDGET NO: 36600	18,124.03-	0	18,124	0	18,124	0	18,124	0
36700	40 - MAINS - CATHODIC PROTECTI	0.00	0	0	0	500	500	500	0
	TOTAL - BUDGET NO: 36700	0.00	0	0	0	500	500	500	0
37600	40 - MAINS - CATHODIC PROTECTI	4,988.60	4,989	0	0	10,000	5,011	4,989	4,989
	TOTAL - BUDGET NO: 37600	4,988.60	4,989	0	0	10,000	5,011	4,989	4,989
37601	20 - MAINS - STEEL	4,062.49-	8,406	12,468	110,842	114,904	8,406	8,406	8,406
37601	30 - MAINS - STEEL	2,071.08	2,071	0-	33,750	31,678	2,071	2,071	2,071
37601	83 - MAINS - STEEL	0.00	0	0	31,765	31,765	0	0	0
37601	98 - MAINS - STEEL	1,403.64	2,275	871	6,424	5,020	2,275	2,275	2,275
	TOTAL - BUDGET NO: 37601	587.77-	12,752	13,339	119,251	119,838	12,752	12,752	12,752
37602	10 - MAINS - PLASTIC	97,890.82	120,035	22,144	293,015	195,124	120,657	120,657	120,657
37602	20 - MAINS - PLASTIC	1,839.26	2,705	865	0	1,839	2,705	2,705	2,705
37602	30 - MAINS - PLASTIC	232.45	232	0-	10,000	9,767	232	232	232
37602	81 - MAINS - PLASTIC	11,846.00-	12,117	271	137,688	125,842	11,846	11,846	11,846
37602	83 - MAINS - PLASTIC	7,779.00-	0	7,779	0	7,779	0	7,779	0
37602	98 - MAINS - PLASTIC	221.16	1,116	894	500	278	1,167	1,167	1,167
	TOTAL - BUDGET NO: 37602	80,558.69	111,971	31,412	165,827	85,268	112,917	112,917	112,917
37800	10 - MEAS. AND REG. STA. EQUIP	0.00	0	0	0	11,040	11,040	0	0
	TOTAL - BUDGET NO: 37800	0.00	0	0	0	11,040	11,040	0	0
38000	10 - SERVICES	134,410.27	134,410	0-	319,160	184,749	134,410	134,410	134,410
38000	30 - SERVICES	14,550.38	14,550	0-	47,000	32,449	14,550	14,550	14,550
38000	98 - SERVICES	11,509.37	11,509	0-	36,800	25,290	11,509	11,509	11,509
	TOTAL - BUDGET NO: 38000	160,470.02	160,469	1-	402,960	242,489	160,470	160,470	160,470
38200	10 - METER INSTALLATIONS	63,370.14	63,370	0-	65,036	1,665	63,370	63,370	63,370
38200	20 - METER INSTALLATIONS	6,788.81	6,789	0	20,000	13,211	6,789	6,789	6,789
38200	98 - METER INSTALLATIONS	2,529.22	2,529	0-	7,500	4,970	2,529	2,529	2,529
	TOTAL - BUDGET NO: 38200	72,688.17	72,688	0-	92,536	19,847	72,688	72,688	72,688
38700	98 - OTHER EQUIPMENT (DISTRIBU	0.00	0	0	0	0	0	0	0
	TOTAL - BUDGET NO: 38700	0.00	0	0	0	0	0	0	0
39009	4 - IMPROVEMENTS - LEASED PRE	7,395.00	8,135	740	10,000	2,605	8,135	8,135	8,135
39009	98 - IMPROVEMENTS - LEASED PRE	0.00	0	0	1	1	0	0	0
	TOTAL - BUDGET NO: 39009	7,395.00	8,135	740	10,001	2,606	8,135	8,135	8,135
39200	98 - TRANSPORTATION EQUIPMENT	4,696.80-	5,871-	1,174-	0	4,696	4,596-	4,596-	4,596-
	TOTAL - BUDGET NO: 39200	4,696.80-	5,871-	1,174-	0	4,696	4,596-	4,596-	4,596-

RESP CTR: 5602700 BOWLING GREEN OPERATIONS

OPCO: 40

BUDGET NO	DESCRIPTION	ACTUAL			APPROPRIATION			BUDGET			FUNDS COMMITTED
		AMOUNT	VARIANCE	AMOUNT	AMOUNT	VARIANCE	AMOUNT	VARIANCE	AMOUNT		
36700	40 - MAINS - CATHODIC PROTECTI	0.00	0.00	0	0	0	500	500	0	0	
	TOTAL - BUDGET NO:	0.00	0.00	0	0	0	500	500	0	0	
36701	30 - MAINS - STEEL	0.00	0.00	0	0	0	8,500	8,500	8,500	0	
	TOTAL - BUDGET NO:	0.00	0.00	0	0	0	8,500	8,500	8,500	0	
37600	40 - MAINS - CATHODIC PROTECTI	10,753.63	10,753.63	10,754	0	11,500	11,500	746	10,754	10,754	
	TOTAL - BUDGET NO:	10,753.63	10,753.63	10,754	0	11,500	11,500	746	10,754	10,754	
37601	10 - MAINS - STEEL	11,033.32	11,033.32	24,450	13,416	50,004	38,970	38,970	24,450	24,450	
37601	20 - MAINS - STEEL	128,031.87	128,031.87	171,378	43,346	188,353	60,321	60,321	171,378	171,378	
37601	30 - MAINS - STEEL	80,575.70	80,575.70	80,727	151	114,750	34,174	34,174	80,727	80,727	
37601	81 - MAINS - STEEL	18,888.40	18,888.40	39,866	20,977	45,662	26,773	26,773	17,448	17,448	
37601	83 - MAINS - STEEL	0.00	0.00	32,065	32,065	0	0	0	0	0	
37601	91 - MAINS - STEEL	0.00	0.00	0	0	0	0	0	0	0	
37601	98 - MAINS - STEEL	15,702.58	15,702.58	17,500	1,797	9,701	6,001	6,001	20,480	20,480	
	TOTAL - BUDGET NO:	216,455.07	216,455.07	222,124	5,668	285,081	68,625	68,625	279,587	279,587	
37602	10 - MAINS - PLASTIC	159,661.88	159,661.88	193,159	33,497	514,999	355,337	355,337	193,624	193,624	
37602	20 - MAINS - PLASTIC	1,806.29	1,806.29	5,391	3,584	5,391	3,584	3,584	5,391	5,391	
37602	30 - MAINS - PLASTIC	64,847.52	64,847.52	79,815	14,967	75,000	10,152	10,152	79,815	79,815	
37602	81 - MAINS - PLASTIC	30,639.60	30,639.60	39,710	9,070	71,172	40,532	40,532	30,639	30,639	
37602	82 - MAINS - PLASTIC	1,732.00	1,732.00	57,455	55,723	0	1,732	1,732	1,732	1,732	
37602	83 - MAINS - PLASTIC	10,906.00	10,906.00	10,906	0	0	10,906	10,906	10,906	10,906	
37602	98 - MAINS - PLASTIC	769.74	769.74	1,463	693	1,350	580	580	1,463	1,463	
	TOTAL - BUDGET NO:	183,807.83	183,807.83	171,757	12,050	525,568	341,760	341,760	237,016	237,016	
37800	10 - MEAS. AND REG. STA. EQUIP	0.00	0.00	0	0	0	0	0	0	0	
37800	20 - MEAS. AND REG. STA. EQUIP	0.00	0.00	25	25	131,000	131,000	131,000	25	25	
37800	98 - MEAS. AND REG. STA. EQUIP	0.00	0.00	0	0	2,000	2,000	2,000	0	0	
	TOTAL - BUDGET NO:	0.00	0.00	25	25	133,000	133,000	133,000	25	25	
37900	20 - MEAS & REG STA EQ - CITY	0.00	0.00	0	0	23,500	23,500	23,500	0	0	
37900	98 - MEAS & REG STA EQ - CITY	0.00	0.00	0	0	502	502	502	0	0	
	TOTAL - BUDGET NO:	0.00	0.00	0	0	24,002	24,002	24,002	0	0	
38000	10 - SERVICES	231,265.02	231,265.02	231,585	319	400,060	168,794	168,794	231,585	231,585	
38000	30 - SERVICES	97,509.87	97,509.87	97,510	0	115,940	18,430	18,430	97,510	97,510	
38000	98 - SERVICES	34,639.17	34,639.17	34,639	0	40,050	5,410	5,410	34,639	34,639	
	TOTAL - BUDGET NO:	363,414.06	363,414.06	363,734	319	556,050	192,635	192,635	363,734	363,734	
38200	10 - METER INSTALLATIONS	94,064.43	94,064.43	94,064	0	89,974	4,090	4,090	94,064	94,064	
38200	20 - METER INSTALLATIONS	5,274.48	5,274.48	5,274	0	0	5,274	5,274	5,274	5,274	
38200	30 - METER INSTALLATIONS	0.00	0.00	0	0	5,000	5,000	5,000	0	0	
38200	98 - METER INSTALLATIONS	1,513.89	1,513.89	1,514	0	5,003	3,489	3,489	1,514	1,514	
	TOTAL - BUDGET NO:	100,852.80	100,852.80	100,852	0	99,977	8,75	8,75	100,852	100,852	

06/10/99

ATMOS ENERGY CORPORATION
RESP CTR SUMMARY BY BUDGET NO - YTD
MAY FISCAL YEAR 1999

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RESP CTR: 5602700 BOWLING GREEN OPERATIONS

OPCO: 40

BUDGET NO	DESCRIPTION	ACTUAL			APPROPRIATION			BUDGET			FUNDS COMMITTED
		AMOUNT	VARIANCE	AMOUNT	AMOUNT	VARIANCE	AMOUNT	VARIANCE	AMOUNT	VARIANCE	
39200	98 - TRANSPORTATION EQUIPMENT	3,640.00-		4,050-	410-	0	3,640		3,640		3,540-
	TOTAL - BUDGET NO:	3,640.00-		4,050-	410-	0	3,640		3,640		3,540-
39400	4 - TOOLS SHOP AND GARAGE EQU	0.00		0	0	0	0		0		0
39400	98 - TOOLS SHOP AND GARAGE EQU	0.00		0	0	0	0		0		0
	TOTAL - BUDGET NO:	0.00		0	0	0	0		0		0
39702	98 - COMMUNICATION EQUIP. - FI	0.00		0	0	0	0		0		0
	TOTAL - BUDGET NO:	0.00		0	0	0	0		0		0
	TOTAL - RESP CTR: 5602700	871,643.39		865,196	6,447-	1,644,178	772,534		988,429		655,748
							FUNDS AVAILABLE				
	TOTAL RESP CTR: 5602700			814,130	8,528-	1,585,572	762,913		933,872		651,699
	TOTAL 1070:	822,658.01					FUNDS AVAILABLE				
	TOTAL 1080:	48,985.38		51,066	2,080	58,606	9,620		54,556		4,049
							FUNDS AVAILABLE				

RESP CTR: 5802700 DANVILLE OPERATIONS

OPCO: 40

APPROPRIATION BUDGET

BUDGET NO	DESCRIPTION	ACTUAL	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS COMMITTED
36700	40 - MAINS - CATHODIC PROTECTI	0.00	0	0	500	500	0
	TOTAL - BUDGET NO: 36700	0.00	0	0	500	500	0
37400	98 - LAND AND LAND RIGHTS	64,900.00	64,900	0	0	64,900	64,900
	TOTAL - BUDGET NO: 37400	64,900.00	64,900	0	0	64,900	64,900
37600	40 - MAINS - CATHODIC PROTECTI	6,849.88	6,850	0	11,000	4,150	6,850
37600	83 - MAINS - CATHODIC PROTECTI	45,879.86	42,042	3,837	90,148	44,268	39,558
	TOTAL - BUDGET NO: 37600	39,029.98	35,192	3,837	79,148	40,118	32,708
37601	10 - MAINS - STEEL	0.00	0	0	10,000	10,000	0
37601	20 - MAINS - STEEL	10,912.71	1	10,911	0	10,912	10,912
37601	30 - MAINS - STEEL	34,011.72	34,012	0	70,000	35,988	34,012
37601	81 - MAINS - STEEL	50,264.35	0	50,264	0	50,264	0
37601	83 - MAINS - STEEL	0.00	64,007	64,007	0	0	0
37601	98 - MAINS - STEEL	2,335.06	2,959	623	3,000	664	3,351
	TOTAL - BUDGET NO: 37601	3,004.86	27,035	24,030	83,000	86,004	48,276
37602	10 - MAINS - PLASTIC	50,318.18	73,314	22,995	210,000	159,681	73,417
37602	20 - MAINS - PLASTIC	1,217.21	1,815	597	12,749	11,531	1,815
37602	30 - MAINS - PLASTIC	10,991.07	10,992	0	20,000	9,008	10,992
37602	81 - MAINS - PLASTIC	0.00	0	0	0	0	0
37602	83 - MAINS - PLASTIC	0.43	3,885	3,884	10,200	10,199	0
37602	98 - MAINS - PLASTIC	198.47	198	0	1,508	1,309	198
	TOTAL - BUDGET NO: 37602	62,724.50	82,434	19,709	234,057	171,332	86,422
37800	98 - MEAS. AND REG. STA. EQUIP	64.24	100	35	0	64	100
	TOTAL - BUDGET NO: 37800	64.24	100	35	0	64	100
37900	20 - MEAS & REG STA EQ - CITY	41,854.74	39,107	2,747	0	41,854	41,854
37900	98 - MEAS & REG STA EQ - CITY	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 37900	41,854.74	39,107	2,747	0	41,854	41,854
38000	10 - SERVICES	96,864.51	96,865	0	205,400	108,535	96,865
38000	30 - SERVICES	9,007.77	9,008	0	35,040	26,032	9,008
38000	98 - SERVICES	10,885.55	10,886	0	20,000	9,114	10,886
	TOTAL - BUDGET NO: 38000	116,757.83	116,759	1	260,440	143,682	116,759
38200	10 - METER INSTALLATIONS	38,461.68	38,462	0	59,994	21,532	38,462
38200	20 - METER INSTALLATIONS	15,281.75	15,282	0	4,998	10,283	15,282
38200	98 - METER INSTALLATIONS	4,167.73	4,168	0	5,000	832	4,168
	TOTAL - BUDGET NO: 38200	57,911.16	57,912	0	69,992	12,080	57,912
38700	98 - OTHER EQUIPMENT (DISTRIBU	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 38700	0.00	0	0	0	0	0

06/10/99

ATMOS ENERGY CORPORATION
RESP CTR SUMMARY BY BUDGET NO - YTD
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RESP CTR: 5802700 DANVILLE OPERATIONS

OPCD: 40

BUDGET NO	DESCRIPTION	ACTUAL			APPROPRIATION			BUDGET		
		AMOUNT	VARIANCE	AMOUNT	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS COMMITTED	
39103	98 - OFFICE MACHINES	0.00	0	0	0	0	0	0	0	
	TOTAL - BUDGET NO:	0.00	0	0	0	0	0	0	0	
39200	98 - TRANSPORTATION EQUIPMENT	3,720.00	570-	4,290-	0	3,720	0	3,720-	3,720-	
	TOTAL - BUDGET NO:	3,720.00	570-	4,290-	0	3,720	0	3,720-	3,720-	
39400	4 - TOOLS SHOP AND GARAGE EQU	711.79	711-	0	0	711-	0	711-	711	
	TOTAL - BUDGET NO:	711.79	711-	0	0	711-	0	711-	711	
	TOTAL - RESP CTR: 5802700	169,369.42	4,474-	164,895	0	399,471	0	250,708	318,132	
						FUNDS AVAILABLE				
	TOTAL RESP CTR: 5802700	220,338.37	4,564-	215,774	0	318,994	0	300,624	238,708	
	TOTAL 1070:					FUNDS AVAILABLE				
	TOTAL 1080:	50,968.95	89	50,879-	0	80,476	0	49,916-	79,424	
						FUNDS AVAILABLE				

RESP CTR: 6110100 DANVILLE OFFICE (780)

OPCO: 40

BUDGET NO	DESCRIPTION	APPROPRIATION			BUDGET		
		ACTUAL	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS COMMITTED
37601	83 - MAINS - STEEL	0.00	0	0	0	0	0
37601	98 - MAINS - STEEL	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 37601	0.00	0	0	0	0	0
37602	10 - MAINS - PLASTIC	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 37602	0.00	0	0	0	0	0
38200	98 - METER INSTALLATIONS	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 38200	0.00	0	0	0	0	0
	TOTAL - RESP CTR: 6110100	0.00	0	0	0	0	0
	TOTAL RESP CTR: 6110100	0.00	0	0	0	0	0
	TOTAL 1070:	0.00	0	0	0	0	0
	TOTAL 1080:	0.00	0	0	0	0	0

FUNDS AVAILABLE

FUNDS AVAILABLE

FUNDS AVAILABLE

06/10/99

ATMOS ENERGY CORPORATION
RESP CTR SUMMARY BY BUDGET NO - YTD
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RESP CTR: 9009900 WKG NSOCCC

OPCO: 40

APPROPRIATION BUDGET

BUDGET NO	DESCRIPTION	ACTUAL	AMOUNT	VARIANCE	AMOUNT	VARIANCE	FUNDS COMMITTED
39900	3 - OTHER TANGIBLE PROPERTY	0.00	0	0	0	0	0
	TOTAL - BUDGET NO: 39900	0.00	0	0	0	0	0
	TOTAL - RESP CTR: 9009900	0.00	0	0	0	0	0
					FUNDS AVAILABLE		0
	TOTAL RESP CTR: 9009900						
	TOTAL 1070:	0.00	0	0	FUNDS AVAILABLE	0	0
	TOTAL 1080:	0.00	0	0	FUNDS AVAILABLE	0	0

Empty dotted-line boxes for additional data entry.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 197
Witness: Donald P. Burman

Data Request:

Please provide the following with respect to WKG's pension expense:

- a. The pension plan actuarial study used to support the base period pension expense credit amount of \$2,032,245.
- b. The most recent actuarial study for the pension study.
- c. Supporting documentation showing the derivation of the \$2,032,245 credit and budget credit to the pension expense of \$853,000.

Response:

- a. The latest actuarial estimate for fiscal 1999 is (\$3,255,918), see attached letter from Ernst & Young LLP. At the time of our budget preparation the estimate for FY 99 was (\$798,000). The amount for the base year includes 6 months of actual charges (credits) using the most recent estimate and 6 months of budget at the budget preparation estimate of (\$798,000). Therefore the base year expense is minus the difference in the 2 estimates for the 6 months of budget. Attached is a copy of the work paper that we used during our budget preparation which was supplied to us by Atmos' Human Resource Department.
- b. See the response to KPSC #2, DR Item 68.
- c. Please see the above response to a and the same referenced work paper.

March 3, 1999

Mr. Donald Burman
Assistant Controller
Atmos Energy Corporation
Three Lincoln Centre
5430 LBJ Freeway
Dallas, TX 75265

**Annual Expense for FAS 87 and FAS 106 - FY Beginning 10/1/98
(Updated)**

Dear Mr. Burman:

Attached is an exhibit showing the revised calculation of the FAS 87 and FAS 106 expense for the fiscal year beginning October 1, 1998. We've also summarized the amounts, by location, that should be on the balance sheet, as of October 1, 1998, reflecting the transfer of Kansas employees from UCG to Greeley.

The changes from our most recent results letter of November 16, 1998 are:

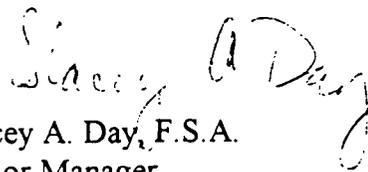
- **Return on Asset Assumption.** Atmos has chosen to change its expected long-term rate of return on plan asset assumption from 9.0% to 10.0%. This assumption should reflect the average rate of earnings expected on the funds invested or to be invested. Appropriate consideration should be given to the returns being earned by the plan assets in the fund and rates of return expected to be available for reinvestment. In various survey information, the middle of the range is about 9.0%-9.5%, but there are a number of employers using 10.0%, and occasionally even higher.
- **UCG Kansas Employees.** The location results reflect the transfer of a group of approximately 104 active employees from United Cities to Greeley. The liability and expense for this group is not affected by the transfer, as the benefits provided are essentially unchanged. Please note that we have not reflected other miscellaneous transfers among groups, as these types of transfers have historically been reflected when complete data is collected for each actuarial valuation.

The methodology for allocating costs to locations is consistent with past treatment. This primarily includes determining obligations and service cost based upon the actual participants, maintaining an historical asset value, and initially allocating and then rolling forward unrecognized amounts.

We expect to publish the final actuarial reports reflecting the attached 1999 expense information as soon as possible. These reports will provide additional documentation on the above calculations, and the development of location information.

In the meantime, please call me at (214) 969-8636 if you have any questions.

Sincerely,



Stacey A. Day, F.S.A.
Senior Manager

Enclosure

Copy to Mr. Steve Chenault, Atmos Energy Corporation
Mr. Randy Duhon, Atmos Energy Corporation
Mr. Bret Eckert, Ernst & Young LLP
Mr. Brad Harmon, Atmos Energy Corporation
Mr. Steve Harmon, Atmos Energy Corporation

Atmos Energy Corporation

FAS 87 and FAS 106 Annual Expense
for Fiscal Year 10/1/98-9/30/99

Updated to Reflect Change to 10% ROA and Transfer of UCG Kansas to Greeley

	Expense/(Income) Updated 10/1/98-9/30/99	Balance Sheet Accrued (Prepaid) Cost as of 10/1/98
<i>Pension:</i>		
Energas	\$(2,976,111)	\$(819,428)
Trans LA	(737,029)	(37,610)
Corporate	(576,971)	397,551
WKG	(3,255,918)	(11,703,506)
Kansas (UCG transfers only)	59,732	347,293
Greeley (all other)	(380,152)	510,693
United Cities (excl. Kansas)	(3,489,881)	(286,956)
Atmos SEBP	<u>4,972,526</u>	<u>19,560,491</u>
Total FAS 87	\$(6,383,804)	\$7,968,528
<i>Retiree Welfare:</i>		
--Energas	\$2,342,300	8,226,533
--Trans LA	395,300	1,419,159
--Corporate	485,500	1,866,521
--WKG	1,583,200	5,891,251
--Colorado	682,400	2,017,978
--Kansas (includes former UCG)	420,500	537,426
--Denver	73,700	272,420
--United Cities (excl. Kansas)	<u>2,857,300</u>	<u>2,455,315</u>
Total FAS 106	\$8,840,200	\$22,686,603
GRAND TOTAL	\$2,456,396	\$30,655,131

Note: For pension, location breakdowns for Greeley have not been provided in the past, and are not included here except for separately showing the Kansas transfers from UCG.

Does not include UCG SERP accrual of approximately \$50,000 per year.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item #198
Witness: Donald P. Burman

Data Request:

198. With reference to page 7, lines 4 through 7, of Mr. Burman's testimony, does he agree that as a result of those events WKG's customers have prepaid the Company's current pension obligation? If no, please explain.

Response:

No. The overfunded position has been brought about by the performance of the funds assets. There is no assurance that these gains will continue to be realized year after year in the future. A downturn in the market could quickly change the overfunded position. See discussion in response to KPSC #2 - DR 199.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item #199
Witness: Donald P. Burman

Data Request:

199. Does Mr. Burman agree that by setting the pension expense to zero, WKG will keep all benefits of the pension plan overfunded position? If no, please explain.

Response:

No. As discussed below, (1) Western's ratepayers benefit by setting Western's ratemaking pension expense to zero, (2) Western's pension plan performance is interest rate and market-sensitive, (3) Western and its ratepayers cannot raid pension assets, (4) Western's shareholders would have to fund a flow-through of negative pension expense, and (5) there is regulatory precedence for setting negative pension expense to zero for ratemaking purposes.

Western's Base Period and Test Period Pension Expense

Western reflects net book pension expense of \$ (2,032,245) during the base period primarily due to an over-funded position of the plan resulting from: (1) a reduction in pension obligations due to a reduction in the number of eligible employees and (2) from the performance of pension assets. Western's FY 2000 budget reflects negative pension expense of \$(853,000). Western made an adjustment to test period expense to set its ratemaking pension expense to zero (\$0) so that Western will not have to flow cash back to ratepayers in the form of reduced rates, as Western will receive no cash distribution from its pension plan to fund such a credit. Western will not fully recover its other cost of service expenses if it is required to reflect a negative pension expense in its cost of service.

Western Will Not "Keep" All Benefits Of Its Over-funded Pension Plan

By Western's setting its ratemaking pension expense to zero, Western's ratepayers will receive benefits from the plan's over-funded position by not having to fund the plan during the rate effective period stemming from this proceeding. This is true regardless of Western's actual book accounting pension expense during the rate effective period – be it positive or negative. And, as discussed below, Western's pension plan is subject to interest and market fluctuations.

Western's Pension Earnings Are Interest and Market Sensitive

It should be noted that Western's budgeted negative pension expense of \$(853,000) is subject to change. A 1% decrease in earned interest rates will have a \$560,000 impact on the earnings of Western's pension assets, causing Western's budgeted negative pension expense to quickly turn positive. Further, stock market fluctuations will have an even more pronounced affect on Western's pension performance. During the most recent plan year, Western's pension plan had unrealized market appreciation of \$7,100,000 – gains which can quickly reverse in a down market. Yet, were this to occur, Western's ratepayers would be insulated from such a turnaround unless or until Western files another rate case.

Pension Assets Are Held In Trust

Western's pension plan assets are held in trust for the benefit of employees. The assets of the plan are not to inure to the benefit of the employer, except for (1) certain corrections of errors, (2) conditional contributions pursuant to initial plan qualification or pursuant to tax deductibility qualification, or (3) termination of the plan pursuant to section 1344 of the ERISA code (Section 1103, Title 29 US Code). The proposition of flowing Western's pension assets back to Western or to its ratepayers clearly does not comport with the code. Western has no legal authority to receive cash benefits from the pension plan, either for its own benefit or for disposition to its ratepayers either in the form of rate reductions or refunds.

Stockholder Funding Would Be Required To Fund Flow-Through of Pension

Credits to Ratepayers

Requiring Western to eliminate its test period pension expense adjustment to zero, and setting ratemaking pension expense to the financial reporting budgeted amount of \$(853,000) would cause Western to under-collect its cost of service by that amount. The resultant under-collection of cost of service would amount to an unwarranted shareholder-funded refund to ratepayers, for Western would have to fund such a credit with shareholders' equity.

Ratepayers Already Reap The Reward of Western's Favorable Pension

Performance

Rewarding ratepayers for employee pension plan returns that outperform estimates is not equitable. It is in ratepayers' long-run best interests that the pension plan continue to perform well, resulting in "paper" pension credits on Western's books. Ratepayers win because cash pension contributions are minimized or eliminated, the company's earnings are strengthened, and employees' pensions are backed by a strong, secure plan. Setting Western's ratemaking pension expense to zero will in fact provide ratepayers the benefit of Western's favorable pension performance. Ratepayers will make no cash pension contributions during the rate effective period – however long that period.

There is Regulatory Precedence for Ratemaking Elimination of Negative Pension

Expense

I) In an opinion issued December 22, 1988, the Michigan Public Service Commission upheld Michigan Consolidated Gas Company's (MichCon) ratemaking adjustment of pension expense to zero, while PSC Staff urged use of a negative \$666,000.

MichCon's witness Howard Dow "calculated MichCon's pension expense under SFAS 87, which resulted in a negative expense due to the then-existing plan assets and expected return. He proposed setting pension expense at zero because use of a negative expense would, in effect, require the company to refund prior pension costs to ratepayers and the company could not withdraw funds from the plan's trust to compensate the company for this refunding."

The Commission further stated: "However, we note the company's argument that use of a negative pension expense for ratemaking purposes will require the company to refund previous pension costs and that the company cannot remove funds from the pension trust." The Commission concluded, "pension expense should be set at zero for this rate case" (Opinion, 1988 Mich. PSC LEXIS 393; 98 P.U.R.4th 273).

II) In Docket No. RP87-30-000 before the Federal Energy Regulatory Commission, Colorado Interstate Gas Company argued persuasively that because it could not realize any of the market gain of its pension plan without termination of the plan, it should not be required to flow through a negative pension expense in its cost of service. Witness Palazzari stated "The actual dollars associated with the excess of market value over pension obligations is simply not accessible to CIG without terminating the plan...." The Administrative Law Judge concluded "Since there is no access [to the plan assets] the deduction should not be made." (43 FERC P63,001; 1988 FERC LEXIS 822)

Westerns' Proposed Adjustment is Reasonable and Necessary

For the reasons cited herein, Western's proposed adjustment of Test Period pension expense to zero is reasonable and necessary, for (1) Western's ratepayers benefit by setting Western's ratemaking pension expense to zero, (2) Western's pension plan performance is interest rate and market-sensitive, (3) Western and its ratepayers cannot raid pension assets, (4) Western's shareholders would have to

fund a flow-through of negative pension expense, and (5) there is regulatory precedence for setting negative pension expense to zero for ratemaking purposes.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item #200
Witness: Donald P. Burman

Data Request:

200. Please provide the level of pension expense included in the cost of service of the Company's last base rate case.

Response:

The level of pension expense included in the cost of service of the Company's last base rate case, which was based on the twelve months ended September 30, 1994, was \$87,297.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item # 201
Witness: David H. Doggette & Rebecca M. Buchanan

Data Request:

201. With reference to FR 10(10)(b)2.2, sheets 4 through 6, please explain why the plant in service schedules for the forecasted period do not include any amounts for retirements. Explain how retirements have been reflected for the forecasted period.

Response:

Please refer to Western's response to KPSC data request set 1, dated July 16, 1999, item #35 c.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 202 (a)
Witness: Betty Adams

Data Request:

With reference to FR 10(10)(d)2.2:

- a. Please explain the cause in reduction in marketing program expenditures in Adj. 4.

Response:

The decrease in marketing program expenditures is due to the timing of payments compared to budget.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 202 b
Witness: Gruber

Data Request:

With reference to FR 10(10)(d)2.2:

- b. Please explain the cause of the increase in communication costs and identify what the other minor adjustments are as presented in Adj. 5.

Response:

- b. Primarily increased cellular usage, as well as additional long distance and communications equipment charges.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 202 (c)
Witness: Betty Adams

Data Request:

With reference to FR 10(10)(d)2.2:

- c. Please explain the cause of the decrease in outside services in Adj. 6.

Response:

The decrease in outside services in Adj. 6, is due to a non-recurring payment for services provided by an outside consultant.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 203
Witness: Betty Adams

Data Request:

With reference to FR 10(10)(d)2.3, please explain the details relating to the PSC assessment for 1997 which is being paid in 1999. Why is the 1997 assessment being paid in 1999? Are there any interest and penalties related to the 1997 assessment? If so, please provide the forecasted test year amounts and state whether they have been removed from the cost of service.

Response:

We did not receive our annual assessment for the period July 1, 1997 – June 30, 1998, which was due by July 31, 1997. We did inquire via telephone requesting a copy of the assessment. We did not receive one and failed to follow up on the request. Mr. Gruber received a letter dated February 3, 1999 regarding our failure to pay the assessment. We sent the payment on February 16 via registered mail. There was not any interest or penalties applied.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item #204, parts a, b, & d
Witness: Rebecca M. Buchanan

Data Request:

204. With reference to FR 10(10)(f):
- a. Please confirm whether the membership dues on Schedule F-1 are included in the cost of service.
 - b. Please show how the charitable contributions, country club dues, and employee activity costs on Schedules F-2.1, 2.2 and 2.3 were removed from the cost of service.
 - d. Please show how the selling expense in footnote 5 on Schedule F-3 has been removed from the cost of service.

Response:

204a.) The membership dues listed on Schedule F-1 are included in cost of service. These are made up primarily of gas industry association dues and chamber of commerce dues.

204b.) Charitable contributions on Schedule F-2.1 are below-the-line expenses, and as such, they were never in cost of service. The country club expenses on Schedule F-2.2, in the amount of \$3,680 for the forecasted test period, were removed from cost of service on Schedule C-2. In Schedule C-2, the adjustment of (\$ 3,680) can be seen on line 8, in the column titled "Ratemaking Adjustments". The next column to the right, titled "Sched. Ref", line 8 references Schedule "F-2.2". Similarly, the employee activity expenses on Schedule F-2.3, in the amount of \$81,008 for the forecasted test period, were removed from cost of service on Schedule C-2. In Schedule C-2, the adjustment for employee activity expenses of (\$ 81,008) is found on line 12, again in the column titled "Ratemaking Adjustments". This amount is embedded in the total adjustment of

\$771,992, which is made up of the (\$ 81,008) and an offsetting adjustment for normalized pension expense of \$853,000 (discussed in the testimony of Mr. Donald P. Burman).

204d.) The selling expense in footnote 5 of Schedule F-3, as well as the promotional advertising expense in footnote 4, had been removed from cost of service on Schedule C-2. . In Schedule C-2, the forecasted test period selling expense adjustment of (\$ 24,158) can be seen on line 11, in the column titled "Ratemaking Adjustments". The next column to the right, titled "Sched. Ref", line 11 references Schedule "F-3". Similarly, the forecasted test period promotional advertising expense adjustment of (\$34,147) can be seen on line 10, Schedule C-2, in the column titled "Ratemaking Adjustments", also with a reference to Schedule F-3.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 204 (c)
Witness: Betty Adams

Data Request:

With reference to FR 10(10)(f):

- c. The DSM amount and informational advertising amount on Schedule F-3 are slightly different when compared to the amounts presented on Schedule D-2.2 (Adj. 4 and Adj. 7). Are they supposed to be the same? What accounts for the difference?

Response:

The DSM difference is a typing error on Schedule D-2.2, Adj. 7. The description of Adj. 7 should read "Other – this adjustment is to reflect the decrease of \$342,000 in DSM charges, addition of \$110,000 in rate case amortization expense and transfer of Human Resource expenses from Shared Services of \$67,700".

The amounts for informational advertising on Schedule F-3 footnote 2 and Schedule D-2.2, Adj. 4, should not be the same. Schedule D-2.2, Adj. 4, reflects only budgeting adjustments between the base and forecasted year. Schedule F-3 footnote 2, is showing the amount for rate making adjustments. Please refer to FR 10(10)(c)2, Volume 10 of 10, Tab 3, for how the rate making adjustments were made.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 205
Witness: Betty Adams

Data Request:

Please provide workpapers and supporting documentation for the adjustments presented on Schedules D-2.1, 2.2 and 2.3. Reconcile the amounts presented on Schedule D-2.2 with the amounts discussed on pages 8 and 9 of Ms. Adams testimony.

Response:

For explanation of Schedule D-2.1, see KPSC-1, DR 61(a). Please see attachments for values used in computing adjustments on Schedule D-2.2. These adjustments are the differences by budget class between the base period (6 months actual + 6 months budget) and the forecasted period. For Schedule D-2.3, this increase is due to the amount of plant investment that was booked for the base period and due to the slight increase from the depreciation study, see FR10(9)(s), Volume 8, Tab 4. The decrease in taxes is largely due to the 1997 PSC assessment being paid in 1999.

The amounts from the testimony on pages 8 & 9 are reflecting the FY 1999 O&M budget. The adjustments in Schedule D-2.2 are adjustments between the base year and the forecasted year. The base year is a 6 month actual + 6 month budget number. In addition to the testimony on pages 8 & 9, refer to the testimony on page 11 for additional explanation of these differences.

**WESTERN KENTUCKY GAS COMPANY
OPERATION AND MAINTENANCE EXPENSE BUDGET
FORECAST TEST YEAR ENDING DECEMBER 31, 2000**

DR 205
Sch A
Page 2 of 2

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
COMPANY LABOR EXPENSE													
LABOR	659,032	658,732	715,861	630,798	717,742	691,787	666,714	725,193	667,999	654,808	677,943	712,367	8,178,976
EMPLOYEE BENEFITS	151,580	151,511	164,646	145,083	165,079	159,112	153,344	166,795	153,638	150,607	155,926	163,845	1,881,166
TOTAL COMPANY LABOR	810,612	810,243	880,507	775,881	882,821	850,899	820,058	891,988	821,637	805,415	833,869	876,212	10,060,142
MATERIALS & SUPPLIES	33,085	38,260	35,286	33,950	21,942	32,013	33,065	23,511	31,024	35,380	22,234	34,804	374,554
TRANSPORTATION	72,341	72,341	72,341	71,141	71,141	70,917	70,617	70,617	70,617	73,411	72,341	72,341	860,166
OTHER:													
DEPT SPECIFIC	161,551	155,877	153,426	154,465	152,703	152,820	157,174	153,077	153,029	159,600	159,630	160,877	1,874,229
ADMINISTRATIVE	111,604	115,087	110,829	121,594	110,689	114,904	112,699	111,929	109,174	118,496	111,434	109,714	1,358,153
OUTSIDE SERVICES	16,209	13,544	11,804	16,209	11,804	11,804	16,949	12,804	16,209	11,804	11,804	11,804	162,748
OTHER DEPT DIRECT	65,559	27,539	28,949	60,444	30,124	24,654	39,754	25,134	24,263	64,516	54,453	57,813	509,202
ALLOCATIONS & OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER	354,923	312,047	305,008	352,712	305,320	304,182	326,576	302,944	302,675	354,416	337,321	340,208	3,898,332
REVENUE/REIMBURSEMENT	107,400	106,400	(55,000)	104,000	100,000	(32,000)	96,500	92,500	(31,000)	84,200	82,600	(28,500)	627,100
TOTAL NET EXPENSES	1,378,361	1,399,291	1,238,142	1,337,694	1,381,224	1,226,011	1,346,816	1,381,560	1,194,953	1,352,822	1,348,365	1,295,065	15,820,294

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 206
Witness: Betty Adams

Data Request:

With reference to FR 10(10)(g), please provide workpapers and supporting documentation for the amounts in the Base Period and Forecasted Period columns on Schedules G-2 and G-3. Please reconcile the total payroll amount with the total amount shown in ADJ1 on D-2.2. Are the officers' amounts on Schedule G-3 included in the total payroll on Schedule G-1?

Response:

The forecasted O&M dollar amount and payroll taxes for the base and forecasted years were incorrect on the original filing of Schedule G-2 due to the keying of an incorrect number and a wrong formula. These have been corrected and the updated Schedule G-2 is attached. Schedule G-1 has also been updated to reflect these changes and is also attached.

See attached Schedule A for labor, benefit, overtime and payroll tax information contained in Schedule G-2. All base year straight time hours were based on 6 months year to date hours plus projected workdays in budget period including stand-by hours. Base year overtime hours are 6 months year to date plus 6 months projected. Forecasted straight time hours based on 2088 hours per employee plus stand-by hours. Forecasted overtime hours were calculated using a 3 year average rounded to nearest 000's.

See attached Schedule B for information contained in Schedule G-3.

See attached Schedule C for reconciliation between total payroll on schedule G-2 and ADJ1 on D-2.2.

Yes, the officers' amounts for their salaries, benefits and associated payroll taxes are included in the total payroll on Schedule G-1.

Western Kentucky Gas Company

Case No. 99-070

PAYROLL COSTS

For the Base Period Twelve Months ended September 30, 1999

For the Forecasted Test Period Twelve Months ended December 31, 2000

Data: Base Period Forecasted Period
 Type of Filing: Original Updated
 Workpaper Reference No(s):

FR 10(10)(g)
 Schedule G-1
 Sheet 1 of 1

Operating Expenses

Line No.	Description	Total Company Unadjusted \$	Jurisdictional %	Base Period Jurisdictional Unadjusted \$	Adjustments \$	Forecasted Period Jurisdictional ADJUSTED \$
1	<u>Payroll Costs</u>					
2	Labor	10,826,198	100.00%	10,826,198	892,177	11,718,375
3	<u>Employee Benefits</u>					
4	PENSION & RETIREMENT Income PLAN	(535,939)	100.00%	(535,939)	1,144,632	608,693
5	Employee INSURANCE PLANS	1,341,697	100.00%	1,341,697	326,278	1,667,975
6	ESOP PLAN Contributions	397,439	100.00%	397,439	21,135	418,574
7			100.00%	0	0	
8	Total Employee BENEFITS	1,203,197		1,203,197	1,492,045	2,695,242
9	<u>Payroll Taxes</u>					
10	F.I.C.A.	823,800	100.00%	823,800	60,391	884,191
11	Federal Unemployment	14,840	100.00%	14,840	951	15,791
12	State Unemployment	6,360	100.00%	6,360	408	6,768
13	Total Payroll Taxes	845,000		845,000	61,750	906,750
14	Total Payroll Costs	12,874,395		12,874,395	2,445,972	15,320,367

DATA REQUEST 206
 SCHEDULE A

BASE YEAR (6 actual + 6 budget)

	Total Payroll	Benefits	Expensed Payroll	Benefits	Total Overtime
Administrative	\$ 921,229	102,383	\$ 755,374	\$ 80,823	
Tech Services	1,246,444	138,527	788,278	79,822	14,847
West Region Adm.	340,780	37,873	234,986	26,835	
Madisonville Operations	1,370,784	152,346	939,923	97,805	39,772
Owensboro Operations	1,516,360	168,524	1,065,573	106,257	47,624
Paducah Operations	1,225,296	136,176	902,070	83,608	37,977
East Region Adm.	316,006	35,120	234,035	25,687	
Bowling Green Operations	2,177,893	242,047	1,458,904	154,500	55,425
Danville Operations	1,711,406	190,201	1,181,896	127,762	47,743
Totals	10,826,198	1,203,197	7,561,039	783,099	243,388

DATA REQUEST 206
SCHEDULE A

Page 2 of 4

BASE YEAR PAYROLL TAXES

SUTA	Employee count x applicable rate		\$ 6,360
FUTA	Employee count x applicable rate		14,840
FICA	Total payroll(6 act + 6 bud)	10,826,198	
	Less officers payroll	<u>743,986</u>	
	x 7.65%	10,082,212	771,289
	Plus Officers computed FICA		<u>52,511</u>
	Total FICA		<u>823,800</u>
	TOTAL PAYROLL TAXES		<u><u>\$ 845,000</u></u>

DATA REQUEST 206
 SCHEDULE A

FORECAST YEAR

	Total Payroll	23% Benefits	Expensed Payroll	23% Benefits	Total Overtime
Administrative	\$ 935,038	\$ 215,059	\$ 792,589	\$ 182,295	18,156
Tech Services	1,504,701	346,081	880,867	202,599	29,832
West Region Adm.	366,378	84,267	263,945	60,707	56,396
Madisonville Operations	1,432,719	329,525	991,334	228,007	34,448
Owensboro Operations	1,616,486	371,792	1,103,718	253,855	62,916
Paducah Operations	1,473,427	338,888	1,032,480	237,470	37,440
East Region Adm.	335,575	77,182	239,756	55,144	
Bowling Green Operations	2,345,325	539,441	1,643,838	378,085	
Danville Operations	1,708,726	393,007	1,230,449	283,003	
Totals	11,718,375	2,695,242	8,178,976	1,881,166	239,188

DATA REQUEST 206
SCHEDULE A

Page 4 of 4

FORECAST YEAR PAYROLL TAXES

SUTA	Employee count x applicable rate		\$ 6,768
FUTA	Employee count x applicable rate		15,791
FICA	Total payroll(6 act + 6 bud)	11,718,375	
	Less officers payroll	<u>778,611</u>	
	x 7.65%	10,939,764	836,892
	Plus Officers computed FICA		<u>47,299</u>
	Total FICA		<u>884,191</u>
	TOTAL PAYROLL TAXES		<u><u>\$ 906,750</u></u>

DATA REQUEST 206
SCHEDULE C

Page 1 of 1

Reconciliation of Schedule G-2 to ADJ1 on D-2.2

Labor & Benefit ADJ 1 on D-2.2

\$ 1,716,004

Base year O&M per Sch G-2 7,561,039
Base year Benefits per Sch G-2 783,099

8,344,138

Forecast year O&M per Sch G-2 8,178,976
Forecast year Benefits per Sch G-2 1,881,166

10,060,142

Forecast less Base year

1,716,004

DATA REQUEST 206
SCHEDULE B

BASE YEAR

Page 1 of 8

W.K.G. Energy Corporation
Executive Compensation
6 months actual

Description	President	VP Fin & Controller	VP Marketing	VP Rates & Regulatory	VP Tech Services	VP Human Resources	VP East Region	VP West Region	TOTAL
Base Earnings	69,845.77	43,816.55	39,990.71	20,538.00	48,905.01	55,790.93	47,243.68	45,429.92	371,560.57
Imputed Life	559.20	544.40	(469.99)	68.52	265.61	398.06	276.72	113.52	1,756.04
Performance Plan	54,000.00	-	-	-	-	-	-	-	54,000.00
Car Allowance	570.47	-	-	-	-	-	-	-	570.47
Res Sdk Plan	13,950.00	-	-	-	-	-	-	-	13,950.00
Res Sdk Dividends	3,864.75	-	-	-	-	-	-	-	3,864.75
Relocation	196,962.91	-	-	-	-	-	-	-	196,962.91
Mini Med	5,853.31	-	-	-	-	-	-	-	5,853.31
Total Other	275,760.64	544.40	(469.99)	68.52	265.61	398.06	276.72	113.52	276,957.48
Total Wages	345,606.41	44,360.95	39,520.72	20,606.52	49,170.62	56,188.99	47,520.40	45,543.44	648,518.05
Pension	(19,825.86)	(13,602.09)	(12,774.00)	(13,745.47)	(15,910.07)	(14,263.74)	(12,958.71)	(12,043.11)	(115,123.05)
FAS 106	10,427.11	6,644.94	6,149.82	5,494.39	7,796.09	6,827.32	6,701.81	6,507.34	56,548.82
Total Pension	(9,398.75)	(6,957.15)	(6,624.18)	(8,251.08)	(8,113.98)	(7,436.42)	(6,256.90)	(5,535.77)	(58,574.23)
Worker Comp.	451.83	281.86	259.54	(218.92)	339.89	289.75	318.19	303.64	2,025.78
Basic Life	744.93	342.66	318.30	220.78	395.59	353.84	346.74	336.31	3,059.15

DATA REQUEST 206
SCHEDULE B

Package Ins.	5,866.55	3,617.83	3,389.72	1,437.40	4,244.46	3,766.38	3,773.03	3,644.53	29,739.90
LTD	602.93	309.98	287.92	207.00	357.86	319.57	313.70	304.21	2,703.17
Mini-Med	575.99	38.50	35.97	15.00	44.87	39.97	39.73	38.42	828.45
ESOP Match	2,565.76	1,533.13	1,437.91	650.88	1,770.66	1,607.46	1,465.00	1,498.81	12,529.61
ESOP Other	168.29	64.88	63.29	44.53	78.69	58.56	147.85	66.87	692.96
Total Other Benefits	10,976.28	6,188.84	5,792.65	2,356.67	7,232.02	6,435.53	6,404.24	6,192.79	51,579.02
Total Employee Benefits	1,577.53	(768.31)	(831.53)	(5,894.41)	(881.96)	(1,000.89)	147.34	657.02	(6,995.21)
F.I.C.A.	10,555.65	3,127.55	2,954.20	2,449.44	3,534.77	3,283.39	3,148.82	3,055.22	32,109.04
Federal Unemployment	112.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	504.00
State Unemployment	36.56	12.56	12.56	12.56	12.56	12.56	12.56	12.56	124.48
Total Payroll Taxes	10,704.21	3,196.11	3,022.76	2,518.00	3,603.33	3,351.95	3,217.38	3,123.78	32,737.52
Total	357,888.15	46,788.75	41,711.95	17,230.11	51,891.99	58,540.05	50,885.12	49,324.24	674,260.36

DATA REQUEST 206
SCHEDULE B

6 Months Projected

Page 3 of 8

Base Earnings	65,298.38	44,736.38	40,581.48	44,841.30	49,408.49	45,186.49	41,573.33	40,799.36	372,425.21
Imputed Life	458.77	581.33	135.74	57.48	281.83	417.67	298.05	123.25	2,354.12
Performance Plan	-	-	-	-	-	-	-	-	-
Car Allowance	-	-	-	-	-	-	-	-	-
Res SIk Plan	6,000.00	-	-	-	-	-	-	-	6,000.00
Res SIk Dividends	-	-	-	-	-	-	-	-	-
Relocation	-	-	-	-	-	-	-	-	-
Mini Med	4,000.00	-	-	-	-	-	-	-	4,000.00
Total Other	10,458.77	45,317.71	40,717.22	44,898.78	49,690.32	45,604.16	41,871.38	40,922.61	12,354.12
Total Wages	75,757.15	90,054.09	81,298.70	89,740.08	99,098.81	90,790.65	83,444.71	81,721.97	384,779.33
Pension	(4,863.00)	(3,331.00)	(3,022.00)	(3,339.00)	(3,679.00)	(3,365.00)	(3,096.00)	(3,038.00)	(27,733.00)
FAS 106	8,476.00	5,807.00	5,268.00	5,821.00	6,414.00	5,865.00	5,396.00	5,296.00	48,343.00
Total Pension	3,613.00	2,476.00	2,246.00	2,482.00	2,735.00	2,500.00	2,300.00	2,258.00	20,610.00
Worker Comp.	914.00	626.00	568.00	628.00	692.00	632.00	582.00	571.00	5,213.00
Basic Life	421.00	289.00	262.00	289.00	319.00	292.00	268.00	263.00	2,403.00
Package Ins.	7,795.00	5,340.00	4,844.00	5,353.00	5,898.00	5,394.00	4,963.00	4,870.00	44,457.00
LTD	358.00	245.00	222.00	246.00	271.00	248.00	228.00	224.00	2,042.00
Mini-Med	-	-	-	-	-	-	-	-	-
ESOP Match	2,296.00	1,573.00	1,427.00	1,577.00	1,737.00	1,589.00	1,462.00	1,434.00	13,095.00

DATA REQUEST 206
SCHEDULE B

ESOP Other	129.00	89.00	80.00	89.00	98.00	90.00	82.00	81.00	738.00
Total Other Benefits	11,913.00	8,162.00	7,403.00	8,182.00	9,015.00	8,245.00	7,585.00	7,443.00	67,948.00
Total Employee Benefits	15,526.00	10,638.00	9,649.00	10,664.00	11,750.00	10,745.00	9,885.00	9,701.00	88,558.00
F.I.C.A.	3,593.76	2,433.25	2,610.21	3,430.36	2,185.51	1,697.36	2,174.90	2,276.14	20,401.49
Federal Unemployment	-	-	-	-	-	-	-	-	-
State Unemployment	-	-	-	-	-	-	-	-	-
Total Payroll Taxes	3,593.76	2,433.25	2,610.21	3,430.36	2,185.51	1,697.36	2,174.90	2,276.14	20,401.49
Total	94,876.91	103,125.34	93,557.91	103,834.44	113,034.32	103,233.01	95,504.61	93,699.11	493,738.82

DATA REQUEST 206
SCHEDULE B

Base year total

Page 5 of 8

Base Earnings	135,144.15	88,552.93	80,572.19	65,379.30	98,313.50	100,977.42	88,817.01	86,229.28	743,985.78
Imputed Life	1,017.97	1,125.73	(394.25)	126.00	547.44	815.73	574.77	236.77	4,110.16
Performance Plan	54,000.00	-	-	-	-	-	-	-	54,000.00
Car Allowance	570.47	-	-	-	-	-	-	-	570.47
Res SIk Plan	19,950.00	-	-	-	-	-	-	-	19,950.00
Res SIk Dividends	3,864.75	-	-	-	-	-	-	-	3,864.75
Relocation	196,962.91	-	-	-	-	-	-	-	196,962.91
Mini Med	9,853.31	-	-	-	-	-	-	-	9,853.31
Total Other	286,219.41	1,125.73	(394.25)	126.00	547.44	815.73	574.77	236.77	289,311.60
Total Wages	421,363.56	89,678.66	80,297.94	65,505.30	98,860.94	101,793.15	89,391.78	86,486.05	1,033,297.38
Pension	(24,688.86)	(16,933.09)	(15,796.00)	(17,084.47)	(19,589.07)	(17,628.74)	(16,054.71)	(15,081.11)	(142,856.05)
FAS 106	18,903.11	12,451.94	11,417.82	11,315.39	14,210.09	12,692.32	12,097.81	11,803.34	104,891.82
Total Pension	(5,785.75)	(4,481.15)	(4,378.18)	(5,769.08)	(5,378.98)	(4,936.42)	(3,956.90)	(3,277.77)	(37,964.23)
Worker Comp.	1,365.83	907.86	827.54	409.08	1,031.89	921.75	900.19	874.64	7,238.78
Basic Life	1,165.93	631.66	580.30	509.78	714.59	645.84	614.74	599.31	5,462.15
Package Ins.	13,661.55	8,957.83	8,233.72	6,790.40	10,142.46	9,160.38	8,736.03	8,514.53	74,196.90
LTD	960.93	554.98	509.92	453.00	628.86	567.57	541.70	528.21	4,745.17
Mini-Med	575.99	38.50	35.97	15.00	44.87	39.97	39.73	38.42	828.45
ESOP Match	4,861.76	3,106.13	2,864.91	2,227.88	3,507.66	3,196.46	2,927.00	2,932.81	25,624.61

DATA REQUEST 206
 SCHEDULE B

ESOP Other	297.29	153.88	143.29	133.53	176.69	148.56	229.85	147.87	1,430.96
Total Other Benefits	22,889.28	14,350.84	13,195.65	10,538.67	16,247.02	14,680.53	13,989.24	13,635.79	119,527.02
Total Employee Benefits	17,103.53	9,869.69	8,817.47	4,769.59	10,868.04	9,744.11	10,032.34	10,358.02	81,562.79
F.I.C.A.	14,149.41	5,560.80	5,564.41	5,879.80	5,720.28	4,980.75	5,323.72	5,331.36	52,510.53
Federal Unemployment	112.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	504.00
State Unemployment	36.56	12.56	12.56	12.56	12.56	12.56	12.56	12.56	124.48
Total Payroll Taxes	14,297.97	5,629.36	5,632.97	5,948.36	5,788.84	5,049.31	5,392.28	5,399.92	53,139.01
Total	452,765.06	105,177.71	94,688.38	76,223.25	115,517.82	116,586.57	104,816.40	102,223.99	1,167,999.18

DATA REQUEST 206
SCHEDULE B

FORECAST YEAR

	President	VP Fin & Controller	VP Marketing	VP Rates & Regulatory	VP Tech Services	VP Human Resources	VP East Region	VP West Region	TOTAL
Base Earnings	130,899.00	96,732.00	87,391.00	93,943.00	99,055.00	90,585.00	89,076.00	91,990.00	778,611.00
Imputed Life	718.44	1,189.43	498.48	629.91	537.98	646.31	521.74	229.71	4,972.01
Performance Plan	13,090.00	9,573.00	8,739.00	9,394.00	9,906.00	9,059.00	8,908.00	9,193.00	77,862.00
Car Allowance	-	-	-	-	-	-	-	-	-
Res SIK Plan	12,000.00	-	-	-	-	-	-	-	12,000.00
Res SIK Dividends	-	-	-	-	-	-	-	-	-
Relocation	-	-	-	-	-	-	-	-	-
Mini Med	4,000.00	-	-	-	-	-	-	-	4,000.00
Total Other	29,808.44	10,762.43	9,237.48	10,023.91	10,443.98	9,705.31	9,429.74	9,422.71	98,834.01
Total Wages	160,707.44	106,494.43	96,628.48	103,966.91	109,498.98	100,290.31	98,505.74	101,352.71	877,445.01
Pension	(9,902.00)	(7,242.00)	(6,611.00)	(7,107.00)	(7,493.00)	(6,853.00)	(6,738.00)	(6,954.00)	(58,900.00)
FAS 106	16,635.00	12,166.00	11,106.00	11,939.00	12,588.00	11,512.00	11,320.00	11,683.00	98,949.00
Total Pension	6,733.00	4,924.00	4,495.00	4,832.00	5,095.00	4,659.00	4,582.00	4,729.00	40,049.00
Worker Comp.	1,741.00	1,274.00	1,163.00	1,250.00	1,318.00	1,205.00	1,185.00	1,223.00	10,359.00
Basic Life	803.00	587.00	536.00	576.00	607.00	556.00	546.00	564.00	4,775.00
Package Ins.	15,342.00	11,220.00	10,243.00	11,011.00	11,610.00	10,617.00	10,440.00	10,775.00	91,258.00
LTD	682.00	499.00	455.00	489.00	516.00	472.00	464.00	479.00	4,056.00

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 207
Witness: Rebecca M. Buchanan

Data Request:

With reference to FR 10(10)(b)5, please provide workpapers and documentation supporting the derivation of the deferred credits and accumulated deferred income tax balance.

Response:

See original filing, Vol. 10, Tab 15, for workpapers WPB-5 B and WPB-5 F. Also attached are copies of the deferred income tax accounts, showing the 6 months of actual charges in the base year. All base year budgets were derived by continuing to use the same monthly accrual the last 6 months as was used in the first 6 months of actuals. Forecasted year budgets were derived by using the monthly accrual used in the base year, rounded up to the nearest 000's.

A monthly percentage, based on historical information, was applied to account 252 for budgeting in both the base and forecast years.

DBS GL PERIOD ENDING BALANCES AND ACTIVITY FOR YEAR 1999

NEXT FUNCTION: 16

ACTION: _____

=====

COMPANY: A
ACCOUNT: 282000101
CNTR: 09

ATMOS ENERGY CORPORATION
FEDERAL PLANT-ACCUM DEPR
WKG

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	9,873,096.94-	91,818.63-
PERIOD 2:	9,964,915.57-	91,818.63-
PERIOD 3:	10,056,734.20-	91,818.63-
PERIOD 4:	10,148,552.83-	91,818.63-
PERIOD 5:	10,240,371.46-	91,818.63-
PERIOD 6:	10,332,190.09-	91,818.63-
PERIOD 7:	10,424,008.72-	91,818.63-
PERIOD 8:	10,515,827.35-	91,818.63-
PERIOD 9:	10,515,827.35-	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

EXT FUNCTION: 16

ACTION: _____

=====

COMPANY: A
ACCOUNT: 282000102
CNTR: 09

ATMOS ENERGY CORPORATION
FEDERAL PLANT - OTHER
WKG

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	4,268,423.30	39,695.83
PERIOD 2:	4,308,119.13	39,695.83
PERIOD 3:	4,347,814.96	39,695.83
PERIOD 4:	4,387,510.79	39,695.83
PERIOD 5:	4,427,206.62	39,695.83
PERIOD 6:	4,466,902.45	39,695.83
PERIOD 7:	4,506,598.28	39,695.83
PERIOD 8:	4,546,294.11	39,695.83
PERIOD 9:	4,546,294.11	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

DBS GL PERIOD ENDING BALANCES AND ACTIVITY FOR YEAR 1999

16

NEXT FUNCTION: 16

ACTION: _____

=====

COMPANY: A
ACCOUNT: 282000103
CNTR: 09

ATMOS ENERGY CORPORATION
FEDERAL - OTHER
WKG

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	2,932,445.35-	27,271.39-
PERIOD 2:	2,959,716.74-	27,271.39-
PERIOD 3:	2,986,988.13-	27,271.39-
PERIOD 4:	3,014,259.52-	27,271.39-
PERIOD 5:	3,041,530.91-	27,271.39-
PERIOD 6:	3,068,802.30-	27,271.39-
PERIOD 7:	3,096,073.69-	27,271.39-
PERIOD 8:	3,123,345.08-	27,271.39-
PERIOD 9:	3,123,345.08-	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

NEXT FUNCTION: 16

ACTION: _____

=====

COMPANY: A
ACCOUNT: 283000000
CNTR: 09

ATMOS ENERGY CORPORATION
ACCUM DEF INC TAX-OTHER
WKG

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	1,683,141.69-	15,653.02-
PERIOD 2:	1,698,794.71-	15,653.02-
PERIOD 3:	1,714,447.73-	15,653.02-
PERIOD 4:	1,730,100.75-	15,653.02-
PERIOD 5:	1,745,753.77-	15,653.02-
PERIOD 6:	1,761,406.79-	15,653.02-
PERIOD 7:	1,777,059.81-	15,653.02-
PERIOD 8:	1,792,712.83-	15,653.02-
PERIOD 9:	1,792,712.83-	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

NEXT FUNCTION: 16

ACTION: _____

COMPANY: A
ACCOUNT: 282000101
CNTR: 02

ATMOS ENERGY CORPORATION
FEDERAL PLANT-ACCUM DEPR
ATMOS G.O.

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	1,823,880.95	16,961.88
PERIOD 2:	1,840,842.83	16,961.88
PERIOD 3:	1,857,804.71	16,961.88
PERIOD 4:	1,874,766.59	16,961.88
PERIOD 5:	1,891,728.47	16,961.88
PERIOD 6:	1,908,690.35	16,961.88
PERIOD 7:	1,925,652.23	16,961.88
PERIOD 8:	1,942,614.11	16,961.88
PERIOD 9:	1,942,614.11	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

NEXT FUNCTION: 16

ACTION: _____

=====

COMPANY: A
ACCOUNT: 282000102
CNTR: 02

ATMOS ENERGY CORPORATION
FEDERAL PLANT - OTHER
ATMOS G.O.

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	8,775,052.65-	81,606.95-
PERIOD 2:	8,856,659.60-	81,606.95-
PERIOD 3:	8,938,266.55-	81,606.95-
PERIOD 4:	9,019,873.50-	81,606.95-
PERIOD 5:	9,101,480.45-	81,606.95-
PERIOD 6:	9,183,087.40-	81,606.95-
PERIOD 7:	9,264,694.35-	81,606.95-
PERIOD 8:	9,346,301.30-	81,606.95-
PERIOD 9:	9,346,301.30-	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

DBS GL PERIOD ENDING BALANCES AND ACTIVITY FOR YEAR 1999

NEXT FUNCTION: 16

ACTION: _____

=====

COMPANY: A
ACCOUNT: 282000103
CNTR: 02

ATMOS ENERGY CORPORATION
FEDERAL - OTHER
ATMOS G.O.

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	4,770,151.78	44,738.85
PERIOD 2:	4,814,890.63	44,738.85
PERIOD 3:	4,859,629.48	44,738.85
PERIOD 4:	4,904,368.33	44,738.85
PERIOD 5:	4,949,107.18	44,738.85
PERIOD 6:	4,993,846.03	44,738.85
PERIOD 7:	5,038,584.88	44,738.85
PERIOD 8:	5,083,323.73	44,738.85
PERIOD 9:	5,083,323.73	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

DBS GL PERIOD ENDING BALANCES AND ACTIVITY FOR YEAR 1999

NEXT FUNCTION: 16

ACTION: _____

=====

COMPANY: A
ACCOUNT: 283000000
CNTR: 02

ATMOS ENERGY CORPORATION
ACCUM DEF INC TAX-OTHER
ATMOS G.O.

	- ENDING BALANCE -	- PERIOD ACTIVITY -
PERIOD 1:	341,544.80-	3,553.36-
PERIOD 2:	345,098.16-	3,553.36-
PERIOD 3:	348,651.52-	3,553.36-
PERIOD 4:	352,204.88-	3,553.36-
PERIOD 5:	355,758.24-	3,553.36-
PERIOD 6:	359,311.60-	3,553.36-
PERIOD 7:	362,864.96-	3,553.36-
PERIOD 8:	366,418.32-	3,553.36-
PERIOD 9:	366,418.32-	0.00
PERIOD 10:	0.00	0.00
PERIOD 11:	0.00	0.00
PERIOD 12:	0.00	0.00
PERIOD 13:	0.00	0.00

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item #208
Witness: Donald P. Burman

Data Request:

208. Please explain how the Company handled postretirement benefits other than pension (SFAS No. 106) expenses for ratemaking purposes. Explain any differences between the ratemaking and financial accounting treatment. Please provide the level of SFAS No. 106 expense included in the forecasted test year cost of service.

Response:

The Company handles postretirement benefits other than pension expense for both ratemaking purposes and financial accounting in accordance with SFAS No. 106. Accordingly, there are no differences between the two methods. The level of SFAS No. 106 expense included in the forecasted test year cost of services is \$1,433,000.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 209
Witness: Burman

Data Request:

Please provide the actuarial study supporting the base year SFAS No. 106 expense and the most recent SFAS No. 106 actuarial study.

Response:

Please see attached copy of the Atmos Energy/Western Kentucky Gas October 1, 1998 Analysis of Postretirement Welfare Benefits FAS 106 Liabilities and Expense, as prepared by Ernst & Young LLP.

ATMOS ENERGY
Western Kentucky Gas

October 1, 1998

**Analysis of Postretirement
Welfare Benefits**

FAS 106 Liabilities and Expense

July 1999

 ERNST & YOUNG LLP

Atmos Energy—Western Kentucky Gas

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I	Actuarial Certification
II	Executive Summary
III	Substantive Plan
IV	Results of Actuarial Study
V	Actuarial Assumptions

Western Kentucky Gas

Actuarial Certification

Actuarial Certification

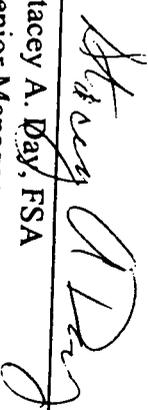
The results in this report were prepared and presented in accordance with the terms of Statement of Financial Accounting Standards No. 106 - Employers' Accounting for Postretirement Benefits Other Than Pensions - issued by the Financial Accounting Standards Board in December 1990. The results are based on the participant data, substantive plan provisions and the actuarial assumptions described later in this report. The actuarial assumptions were selected by the Plan sponsor with guidance from Ernst & Young LLP.

We received participant data directly from Atmos Energy Corporation. We screened the data for inconsistencies, but did not audit the input data.

The determination of present values, cost allocations and future cash flows have been performed in accordance with generally accepted actuarial principles as set forth in Actuarial Standard of Practice No. 6 - Measuring and Allocating Actuarial Present Values of Retiree Health Care and Death Benefits - adopted by the Actuarial Standards Board in October 1988. In our opinion, the actuarial assumptions used are reasonable, taking into account recent experience of the plans, and are consistent with our best estimates of anticipated experience under the plans. The actuarial exhibits in this report, in our opinion, fully and fairly disclose the actuarial position of these plans.

We are available to answer any questions on the material contained in this report or to provide any additional information or exhibits that you request.

Respectfully submitted,



Stacey A. Day, FSA
Senior Manager

Western Kentucky Gas

Executive Summary

Executive Summary

Western Kentucky Gas adopted FAS 106 as of October 1, 1993 and elected to amortize the transition obligation over twenty years. This report presents the 1997 - 1998 fiscal year end disclosures and the 1998 - 1999 annual cost. Key changes from the prior valuation include:

- Lowering the discount rate from 7.5% to 7.0% in order to remain consistent with the rates of return available on long-term, high quality, fixed income investments,
- Revising the assumed health care cost trend rate schedule based on recent plan experience and changes in the long-term outlook on future expected health care cost increases, and
- Reflecting amendments to the postretirement medical plan provisions, including:
 - Requiring future pre-65 retirees to contribute 20% of the true cost of postretirement medical coverage (phased in over 10 years)
 - Minor changes to the deductibles and out-of-pocket maximums under both the indemnity and managed care plan options.

The results on the following page show the impact of the FAS 106 accounting rules on Western Kentucky Gas for its fiscal year beginning October 1, 1998. However, these results are based on the current Substantive Plan. Minor changes in the actuarial assumptions, retiree benefits or retiree contributions can have a significant impact on the liabilities.

Western Kentucky Gas

Executive Summary

Executive Summary

Liability at October 1, 1998

- The Present Value of all welfare benefits provided after retirement is \$14,017,100. This amount is known as the Expected Postretirement Benefit Obligation (EPBO) and is not a required disclosure item.
- The portion of this obligation attributed to past service, the Accumulated Postretirement Benefit Obligation (APBO), is \$11,785,400.

1998 Annual Cost

- The net annual cost for the 1998 - 1999 fiscal year is \$1,583,200.

Sensitivity

- The valuation results are highly sensitive to the assumptions selected. Increasing the trend rate by one percent increases the Healthcare APBO by \$1,264,900, or by 10.7%, and increases the aggregate of the interest and service cost components of the 1998 - 1999 annual cost by \$147,800, or by 13.1%. Similarly, decreasing the trend rate by one percent decreases the Healthcare APBO by \$1,070,800, or by 9.1%, and decreases the aggregate of the interest and service cost components of the 1998 - 1999 annual cost by \$123,000, or by 10.9%.

Western Kentucky Gas

Executive Summary

Executive Summary

Other

- Employees who, as of May 15, 1998, would have been either age 53 with 8 years of service, or age 58 with 3 years of service, may have been eligible for enhanced retirement benefits. To have been eligible, the participant must have been eligible for the company's enhanced severance program for displaced employees. The participant must have remained in employment until his "predetermined termination date." Benefits under the company's retiree medical program were not enhanced, except for eligibility purposes. The contribution increases for retirement prior to age 62 were "extended" to ages prior to age 55.

The one-time accounting charge determined as of April 1, 1998 due to the required curtailment and special termination benefit accounting was \$1,269,500, based upon participants who were displaced during the fiscal year (including employees not eligible for enhanced benefits).

Western Kentucky Gas

Substantive Plan

Substantive Plan

Eligibility:

Employees who are age 55 with ten consecutive years of prior service are eligible for medical benefits.

Spouse Eligibility:

Spouses are covered under the medical plan with coverage continuing for the life of the spouse in the event of a retiree's death.

Retiree Contributions*:

	New Retirees after 1998			Grandfathered Retirees		
	Low Deductible	High Deductible	PPO	Low Deductible	High Deductible	PPO
<i>Pre-65</i>						
Retiree Only	\$43.60	\$9.39	\$42.08	\$39.62	\$7.75	\$38.24
Retiree & Spouse	\$86.99	\$18.57	\$83.94	\$79.08	\$15.34	\$76.32
<i>Post-65</i>						
Retiree Only	\$23.51	\$16.28	\$22.26	\$21.96	\$14.73	\$20.71
Retiree & Spouse	\$47.02	\$32.59	\$44.53	\$43.92	\$29.49	\$41.43

Contributions are monthly. For retirements after January 1, 1997, the contributions given above are increased by the following percentages based on the age at retirement:

Age	% Increase	Age	% Increase
52	136%	58	112%
53	132%	59	108%
54	128%	60	104%
55	124%	61	102%
56	120%	62+	100%
57	116%		

Service Accrual:

Service is credited beginning at age 45 for retiree medical benefits.

*Tobacco users contribute an additional 20%

Medical Plan*

	<u>Standard Indemnity Plan</u>		<u>PPO</u>	
	<u>Low Deductible</u>	<u>High Deductible</u>	<u>In-Network</u>	<u>Out-of-Network</u>
Deductible:	\$250	\$1,000	\$200	\$400
Coinsurance: <i>(Most charges)</i>	80%	80%	90%	70%
Out-of-Pocket Maximum <i>(Not including deductible)</i>	\$2,500	\$5,000	\$1,250	\$2,500
Lifetime Maximum:	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Annual Maximum:	None	None	None	None
Medicare Integration:	Carve-Out	Carve-Out	Carve-Out	Carve-Out

* HMO coverage available in some areas

Western Kentucky Gas

Results of Actuarial Study

September 30, 1998 Financial Disclosure Information

All amounts are shown in thousands

Change in Benefit Obligation:

	<u>9/30/98</u>	<u>9/30/97</u>
APBO at Beginning of Year	\$9,402.4	\$8,424.2
Service Cost	\$358.1	\$402.0
Interest Cost	\$682.1	\$648.6
Plan Participants' Contribution	\$114.0	\$79.2
Curtailment/Special Termination Benefits	\$858.4	\$564.0
Plan Amendments	\$380.8	\$683.6
Actuarial (Gain)/Loss	\$823.8	(\$805.8)
Benefits Paid	(\$834.2)	(\$593.4)
APBO at End of Year	<u>\$11,785.4</u>	<u>\$9,402.4</u>

Change in Plan Assets:

Fair Value of Plan Assets at Beginning of Year	-	-
Actual Return on Plan Assets	-	-
Employer Contribution	\$720.2	\$514.2
Plan Participants' Contribution	\$114.0	\$79.2
Benefits Paid	(\$834.2)	(\$593.4)
Fair Value of Plan Assets at End of Year	-	-
Funded Status	(\$11,785.4)	(\$9,402.4)
Unrecognized Transition Obligation	\$5,290.2	\$6,794.4
Unrecognized Prior Service Cost	\$808.6	\$590.2
Unrecognized Net (Gain) or Loss	<u>(\$204.7)</u>	<u>(\$1,893.7)</u>
(Accrued)/Prepaid Postretirement Benefit Cost	<u>(\$5,891.3)</u>	<u>(\$3,911.5)</u>

Western Kentucky Gas

Results of Actuarial Study

September 30, 1998 Financial Disclosure Information (continued)

All amounts are shown in thousands

Components of Net Periodic Postretirement Benefit Cost:

	<u>9/30/98</u>	<u>9/30/97</u>
Service cost	\$358.1	\$402.0
Interest cost	\$682.1	\$648.6
Expected Return on Assets	-	-
Amortization of:		
Transition Obligation/(Asset)	\$424.7	\$450.0
Prior service cost	\$71.5	\$57.0
Actuarial (Gain)/loss	(\$106.0)	(\$79.6)
Subtotal	\$390.2	\$427.4
Net Periodic Postretirement Benefit Cost	\$1,430.4	\$1,478.0
Curtailment/Special Termination Benefit	\$1,269.5	\$587.7
Total Postretirement Benefit Cost Accruals	\$2,699.9	\$2,065.7

Other Information

1% Increase in Trend Rates		
Effect on Service Cost + Interest Cost	\$100.9	\$96.7
Effect on APBO	\$1,264.9	\$764.0
1% Decrease in Trend Rates		
Effect on Service Cost + Interest Cost	(\$95.3)	(\$91.3)
Effect on APBO	(\$1,070.8)	(\$759.8)

Western Kentucky Gas

Results of Actuarial Study

October 1, 1998 Funded Status Reconciliation

All amounts are shown in Thousands

APBO	\$11,785.4
Fair Value of Assets	<u>0.0</u>
Funded Status	\$(11,785.4)
Unrecognized Transition Obligation*	
Unrecognized Prior Service Cost*	\$5,324.8
Unrecognized Net (Gain) or Loss*	814.3
(Accrued) / Prepaid Postretirement Benefit Cost	<u>(245.0)</u>
	\$(5,891.3)

* Those items reflect adjustments from the September 30, 1998 disclosure to properly reflect the remaining amortization amounts after curtailment accounting. The expense for the fiscal year beginning October 1, 1998 is based upon this information.

Western Kentucky Gas

Results of Actuarial Study

October 1, 1998 FAS 106 Financial Results

All amounts are shown in thousands

Net Periodic Cost	
♦ Service Cost	\$330.2
♦ Interest Cost	\$796.0
♦ Expected Return on Assets	\$0.0
♦ Amortization of Unrecognized Transition Obligation	\$355.0
♦ Amortization of Unrecognized Prior Service Cost	\$102.0
♦ Amortization of Unrecognized (Gain)/Loss	<u>\$0.0</u>
Total Annual Cost	\$1,583.2
Pay-as-you-go-Cost (Expected fiscal year 1998 - 1999 Retiree Claims and Administration Costs less Retiree Contributions)	\$827.5
Expected Contributions	\$0.0

Western Kentucky Gas

Results of Actuarial Study

Prior Service Cost Amortization Schedule

All amounts shown in Thousands

	Unrecognized Amount as of 10/01/98	Annual Amortization as of 10/01/98	Remaining Period
Prior Service Cost 1	\$ 433.5	\$ 60.0	7.225
Prior Service Cost 2	380.8	42.0	9.067
Total	\$ 814.3	\$ 102.0	

Western Kentucky Gas

Results of Actuarial Study

Data Used for Actuarial Study as of 10/01/98

Active Employee Distribution

Age	Years of Service							Total
	Under 5	5-9	10-14	15-19	20-24	25-29	Over 29	
Under 25	1	0	0	0	0	0	0	1
25 - 29	4	2	0	0	0	0	0	6
30 - 34	4	6	5	0	0	0	0	15
35 - 39	6	11	23	16	6	0	0	62
40 - 44	5	11	9	23	27	4	0	79
45 - 49	1	6	4	8	14	7	0	40
50 - 54	1	0	5	4	11	12	11	44
55 - 59	1	2	2	3	4	6	8	26
60 - 64	0	0	0	0	0	0	5	5
65 - 69	0	0	0	0	0	0	0	0
Over 69	0	0	0	0	0	0	0	0
Total	23	38	48	54	62	29	24	278

Retiree Distribution By Current Age

Under 55	3
55 - 59	28
60 - 64	48
65 - 69	44
70 - 74	34
75 - 79	25
80 - 84	14
85 - 89	1
Over 89	1
Total	198

Disabled Employee Distribution By Current Age

Under 25	0
25 - 29	0
30 - 34	0
35 - 39	0
40 - 44	0
45 - 49	1
50 - 54	2
55 - 59	3
Over 59	3
Total	15

Western Kentucky Gas

Actuarial Assumptions

Actuarial Basis for Calculating Postretirement Welfare Costs and Liabilities

Rationale

Discount Rate: 7.0%

General rates of return on long term, high quality, fixed income investments.

Mortality: 1983 Group Annuity Table with separate rates for males and females

Mortality assumption are based on the most recent actuarial tables for annuity recipients. Mortality, especially among older persons, has significantly improved in recent years.

Termination Rates:

Sample Termination Rates:

<u>Age</u>	<u>Rate Per 100 Employees</u>
20	16.72
25	12.07
30	8.60
35	6.35
40	4.73
45	3.49
50	2.76
55	2.19

Western Kentucky Gas

Actuarial Assumptions

Actuarial Basis for Calculating Postretirement Welfare Costs and Liabilities (Cont.)

Retirement Rates:

Age	Rate Per <u>100 Employees</u>
55-58	5
59-60	10
61	15
62	40
63-64	30
65	100

Retiree Participation Percentage:

95%

Spouse Participation Percentage:

70%

Administrative Expense:

5%

Spouse Age Difference:

Males are assumed to be three years older than their spouse.

Western Kentucky Gas

Actuarial Assumptions

Actuarial Basis for Calculating Postretirement Welfare Costs and Liabilities (Cont.)

Rationale

Most experts agree that medical trends cannot remain at current levels indefinitely. Opinions vary greatly as to what the ultimate level of medical trend will be and how soon the rates will reach that ultimate level. The rates we have used are consistent with rates other employers are using and also reflect recent experience and future expectations under the current plan.

Future Benefit Increases:

Health Care Cost Trend Rates:

<u>Years</u>	<u>Rate</u>
1	9.0%
2	8.0%
3	7.0%
4	6.0%
5	5.5%
6	5.0%
7+	4.5%

Assumed to increase with medical trend.

**Future Increase in Medical Deductible
Coinsurance Maximums, and Retiree
Contributions**

Western Kentucky Gas

Actuarial Assumptions

Actuarial Basis for Calculating Postretirement Welfare Costs and Liabilities (Cont.)

Projected Gross Medical Claims Cost at Age 65
For the 1998 - 1999 Fiscal Year

Before Medicare	\$5,802
After Medicare	\$1,160

Health Care Aging Factor:

Health care claims costs increase with age. To reflect this, a rate of increase was assumed for each year of increase in age.

<u>Age</u>	<u>Aging Factor</u>
55 - 65	4%
66 - 75	3%
76 - 85	2%
86+	0%

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 210
Witness: Betty Adams

Data Request:

Please provide a copy of the Company's uncollectibles accounting policy. How is the level of uncollectibles determined? Is it based upon a percentage of accounts receivable or a percentage of sales?

Response:

Attached is a copy of our uncollectible accounting policy. The level of uncollectibles is determined by the amount that a customer owes when they are turned off. The provision for uncollectibles is determined by a percentage of sales.

PROVISIONS FOR BAD DEBTS/DOUBTFUL ACCOUNTS

ATMOS currently uses the allowance method of writing off accounts receivable as follows:

In general, the billing offices actively monitor their A/R balances and will turn off and final bill a customer if his bill remains unpaid after having been sent a turn off notice. Turn off notices are sent to customers with unpaid bills ranging from 28 days to 45 days after billing, depending on the regulatory jurisdiction and whether the customer is considered a bad risk. This system usually means that a customer has used between 2 and 3 months of gas before a final bill is mailed. One billing cycle later, the account is moved from active to inactive and inactive accounts are reviewed and written off at the end of the quarter. Per LouAnn Stoddard, the monthly provision for 6/30/94 is approximately .34% of YTD gas sales for Energas (.50 for irrigation), .2% for TransLa, .22% for WKG, and .1% for Greeley. This monthly provision is provided to match revenues and expenses and has historically been adequate for write offs.

Although there is judgement involved in determining the allowance, Atmos is very conservative in their approach and have had an adequate reserve in the past. Based upon this information, we will perform analytical review procedures for the reserve and review any accounts considered material individually.

CUT-OFF OF PAYABLES

ATMOS holds the books open for 15 days past year end to record any payables that existed at the end of the fiscal year.

To ensure that all payables are recorded, EY will perform a search for unrecorded liabilities as part of our year end procedures. In the past, we have not found significant amounts.

DELIVERED BUT UNBILLED REVENUE

Gas sales are billed on a monthly cycle billing basis; however, the billing cycle periods for most customers do not coincide with the monthly accounting periods used for financial reporting purposes. Effective 1/1/83, the company adopted the revenue accrual method of accounting for gas revenues whereby revenues applicable to gas delivered to customers but not yet billed under the cycle billing method are accrued and the related costs are charged to expense.

During our year end procedures we will test this revenue accrual by testing the amount of gas delivered for such revenue. Atmos has been booking this accrual at each month end and have no problems in estimating the revenue. We will reconcile volumes purchased to volumes delivered during the year to ensure no unusual relationships exist.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 211
Witness: Betty Adams

Data Request:

For FY 1994 through FY 1998, please provide the following:

- a. Billed revenues subject to uncollectibles;
- b. Uncollectibles written-off;
- c. Recoveries of uncollectibles; and
- d. Uncollectibles expense.

Response:

Attached are copies of the uncollectible analysis for which contains the above requested information.

DATA REQUEST 211B AND C

FISCAL YEAR ACCOUNT BALANCES FOR WRITE-OFF & COLLECTIONS

Year		Writeoffs		Recoveries		Net
1994	\$	550,602	\$	114,028	\$	436,574
1995		297,060		126,407		170,653
1996		533,882		102,675		431,207
1997		666,621		164,736		501,885
1998		842,037		135,595		706,442

	ENERGAS	TRANSIA	WKG	(Non ACIS) GREELY	ATMOS
Net debt expense for the 11 months ended 8-31-95	857,782.07	103,294.76	368,688.91	52,830.41	1,383,514.15
ACIS write-offs recorded in September 1995	285,387.24	37,856.37	151,319.35	31,072.14	485,745.10
Unbillable amounts written off	1,123,159.31	141,191.13	0.00	83,802.55	1,869,259.25
Total bad debt expense before adj's to provision	1,246,228.61	282,342.26	512,698.26	114,947.24	2,157,218.37
TD provision to be reversed in September 1995:					
Manual YTD provision	447,863.02	85,717.34	350,445.55	0.00	884,025.91
Actual net write-off amount in FY 1995	675,296.29	55,473.79	170,550.71	83,802.55	985,233.34
Adjustments to expense to reflect change in the allowance acct	3,005.27	692.85	1,092.31	(2.64)	4,787.79
TOTAL BAD DEBT EXPENSE FY 1995	678,301.56	56,166.64	171,659.02	82,899.91	990,021.13
Net expense recorded in the month of Sept. 1995	(179,480.51)	(47,088.12)	(198,088.89)	31,069.50	(393,493.02)
Balance of a/c 1440-1 at 9/30/95	(450,000.00)	(100,000.00)	(170,000.00)	(112,000.00)	(832,000.00)
9/30/94	(450,000.00)	(100,000.00)	(170,000.00)	N/A	(832,000.00)
9/30/93	(450,000.00)	(100,000.00)	(170,021.89)	N/A	(720,021.89)
9/30/92	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(570,000.00)
9/30/91	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(570,000.00)

	Emerald	TUG
Adjustment to Subsidiaries:		
Net debt expense for 11 months ended 8/31/95	0.00	135.80
Sept. 95 Write off Handbill Accts.	0.00	0.00
Total bad debt expense before adj to provision	0.00	135.80
Adjustments to expense to reflect change in the allowance	0.00	0.00
TAL BAD DEBT EXPENSE FY 1995	0.00	135.80
Net expense recorded in the month of Sept. 1995	0.00	0.00
Balance of a/c 1440-1 at 9/30/95	(20,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/94	(20,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/93	(20,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/92	0.00	(82,000.00)

WRITE - OFF ANALYSIS	1978-1981	1982	1/1/83-10/18/83	10/18/83-9/30/84	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Net Write-Offs FYE 95	0.65 %	0.67 %	1.40 %	1.10 %	0.72 %	0.89 %	0.78 %	0.59 %	0.51 %	0.54 %	0.67 %	0.52 %	0.41 %	0.42 %	0.28 %
Emergas															
Transia															
WKG															
GGC															
Atmos															
Gas Service Revenue															
% Write offs															0.28%

NET CHARGE OFF ANALYSIS	1995	1994	1993
NET CHARGE OFFS	985,233.34	1,406,365.89	1,281,088.58
AVG MONTH CHG OFF	82,102.78	117,197.11	106,755.80
(B) MOS ESTIMATE)	3	3	3
A/R BALANCE	23,894,304.62	20,025,287.04	21,725,821.60
X W/O %	0.29	0.42	0.41
	65,904.05	84,106.25	89,075.05

Gross Prior Services Bill on GL @ 9/30/95 = 143,660.12
 (Excluding GGC) @ 9/30/94 = 198,584.58
 @ 9/30/93 = 203,759.90
 @ 9/30/92 = 207,808.77
 @ 9/30/91 = 202,878.80

TUDS ENERGY CORPORATION
ANALYSIS OF UNCOLLECTIBLE ACCOUNTS EXPENSE (9040)
AND PROVISION ANALYSIS
FISCAL YEAR 1995

FISCAL 1998 ESTIMATE OF
ACCRUAL CALCULATIONS

	ENERGAS	TRANSLA	WKG	GGC	ATMOS
DOMESTIC	96,025,499	20,237,115	54,130,813	41,649,769	212,037,190
COMMERCIAL	27,250,095	7,018,747	22,209,751	24,294,071	80,772,653
	123,275,579	27,255,862	76,340,564	65,907,839	292,809,843
NET CHARGE OFFS:					
FY 1995 - ACTUAL	675,000.00	55,000.00	171,000.00	84,000.00	985,000
ACTUAL %	0.55%	0.20%	0.22%	0.13%	
ACCRUAL %					
FY 1994 - ACTUAL	846,000	123,000	437,000	82,000.00	1,488,000
ACTUAL %	0.59%	0.39%	0.46%	0.12%	
ACCRUAL %	0.50%	0.65%	0.30%		
FY 1993 - ACTUAL	841,000	80,000	360,000		1,281,000
ACTUAL %	0.58%	0.26%	0.41%		
ACCRUAL %	0.70%	0.70%	0.40%		
FY 1992 - ACTUAL	1,040,000	204,000	233,000		1,477,000
ACTUAL %	0.66%	0.65%	0.30%		
ACCRUAL %	0.80%	0.80%	0.50%		
FY 1991 - ACTUAL	1,148,000	200,000	305,000		1,651,000
FY 1990 - ACTUAL	987,000	235,000	273,000		1,505,000

ATMOS ENERGY CORPORATION
ANALYSIS OF UNCOLLECTIBLE ACCOUNTS EXPENSE (904X)
FISCAL YEAR 1996
Includes recoveries

31-Aug-99
03:54 PM

	ENERGAS	TRANSILA	WKG	(Non ACS)	ATMOS
bad debt expense for the 11 months ended 8-31:	647,840.84	80,700.36	210,082.54	78,088.28	1,017,728.12
plus:					
Net ACS write-offs recorded in September 1996	345,484.68	120,105.01	317,783.28	15,309.31	798,682.28
Handbill accts written off			0.00		0.00
Total bad debt expense before adj's to provision	993,325.52	200,805.37	527,865.83	94,398.59	1,816,365.41
less:					
YTD provision to be reversed in September 1996	347,947.85	(17,704.98)	90,086.21	(43,563.48)	376,745.62
Manual YTD provision	645,377.77	218,510.33	437,789.62	137,962.07	1,439,608.79
Actual net write-off amount in FY 1996					
plus:					
Adjustments to expense to reflect change in the 12 months ended 8-31:	(211,385.05)	5,621.36	(6,553.13)	13.30	(212,333.52)
TOTAL BAD DEBT EXPENSE FY 1996	433,882.72	224,111.69	431,205.49	137,975.37	1,227,276.27
Net expense recorded in the month of Sept. 1 (213,856.22)		143,411.33	221,113.95	58,886.09	209,553.15
Balance of a/c 1440-1 at 9/30/96	(250,000.00)	(100,000.00)	(170,000.00)	(112,000.00)	(632,000.00)
9/30/95	(450,000.00)	(100,000.00)	(170,000.00)	(112,000.00)	(882,000.00)
9/30/94	(450,000.00)	(100,000.00)	(170,000.00)	(112,000.00)	(882,000.00)
9/30/93	(450,000.00)	(100,000.00)	(170,021.89)	N/A	(720,021.89)
9/30/92	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(570,000.00)
9/30/91	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(570,000.00)

	ETERNIT	TILG
Adjustment to Substantiated:	0.00	0.00
Net Debt expense for 12 months ended 9/29/96	0.00	0.00
less:		
Sept. 96 Write off Handbill Accts.	0.00	0.00
Net bad debt expense before adj to provision	0.00	0.00
Adjustments to expense to reflect change in the 12 months ended 8-31:	0.00	0.00
TOTAL BAD DEBT EXPENSE FY 1996	0.00	0.00
Net expense recorded in the month of Sept. 1:	0.00	0.00
Balance of a/c 1440-1 at 9/30/96	(20,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/95	(20,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/94	(20,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/93	(20,000.00)	(30,000.00)
Balance of a/c 1440-1 at 9/30/92	0.00	(32,000.00)

WRITE-OFF ANALYSIS

	1978-1981	1982	1983-1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Actual Net Write-Offs FYE 96	0.65 %	0.67 %	1.40 %	1.10 %	0.89 %	0.59 %	0.78 %	0.51 %	0.67 %	0.52 %	0.41 %	0.42 %	0.28 %	0.35 %	0.35 %
Energas															
Transila															
WKG															
GGC															
Atmos															
Gas Service															
Revenue															
% Write offs															

NET CHARGE OFF ANALYSIS

	1996	1995	1994
NET CHARGE OFF	1,439,608.79	885,233.34	1,406,355.33
AVG MONTH CHG	119,867.48	82,102.78	117,187.11
(3 MOS ESTIMATE)	359,602.45	246,308.34	351,561.33
AR BALANCE	22,190,046.34	23,894,304.62	20,025,297.04
X W/O	0.35	0.28	0.42
	77,655.16	68,904.06	84,106.25

Gross Prior Service still on G/L @ 9/30/96 (Excluding GGC)

@ 9/30/95 =	193,678.23
@ 9/30/94 =	143,680.12
@ 9/30/93 =	198,584.58
@ 9/30/92 =	233,789.90
@ 9/30/91 =	207,908.77
@ 9/30/90 =	202,878.80

FRONT ATMOS ENERGY CORP. FISCAL YEAR 1996
**ANALYSIS OF UNCOLLECTIBLE ACCOUNTS EXPENSE (9040)
 AND PROVISION ANALYSIS
 FISCAL YEAR 1996**

**FISCAL 1997 ESTIMATE OF
 ACCRUAL CALCULATIONS**

	<u>ENERGAS</u>	<u>TRANSLA</u>	<u>WKG</u>	<u>GGC</u>	<u>ATMOS</u>
YTD GAS SALES					
DOMESTIC	99,332,022	31,421,320	69,998,395	40,522,835	241,274,572
COMMERCIAL	28,161,493	10,652,068	28,365,691	22,399,644	89,576,896
	<u>127,493,515</u>	<u>42,073,388</u>	<u>98,364,086</u>	<u>62,922,479</u>	<u>330,853,468</u>
NET CHARGE OFFS;					
FY 1995 - ACTUAL	434,000	224,000	431,000	138,000	1,227,000
ACTUAL %	0.34%	0.53%	0.44%	0.22%	
ACCRUAL %					
FY 1995 - ACTUAL	675,000	55,000	171,000	84,000	985,000
ACTUAL %	0.53%	0.13%	0.17%	0.13%	
ACCRUAL %					
FY 1994 - ACTUAL	846,000	123,000	437,000	82,000	1,488,000
ACTUAL %	0.59%	0.38%	0.46%	0.12%	
ACCRUAL %	0.50%	0.65%	0.30%		
FY 1993 - ACTUAL	841,000	80,000	360,000		1,281,000
ACTUAL %	0.58%	0.26%	0.41%		
ACCRUAL %	0.70%	0.70%	0.40%		
FY 1992 - ACTUAL	1,040,000	204,000	233,000		1,477,000
FY 1991 - ACTUAL	1,146,000	200,000	305,000		1,651,000
FY 1990 - ACTUAL	997,000	235,000	273,000		1,505,000

	ENERGAS	TRANSILA	WKG	(Non ACIS) GREELEY	ATMOS
Net Chg Offs 11 months ended 8/31/97	800,759.75	2,99,904.46	555,097.80	180,914.18	1,787,676.32
Handbill Chg offs 11 months ended 8/31/97	198.80	0.00	104,169.27	300,000.00	404,368.07
Net ACIS write-offs recorded in September 1997	(161,333.11)	(80,886.56)	(156,851.54)	(49,296.23)	(448,147.54)
Total bad debt expense before adjs to provision	292,054.49	91,793.33	273,039.21	16,786.90	673,673.83
Adjustment to Subscribers:					
ad Debt expense for 12 months ended 9/29/97	0.00	261,031.23	776,454.77	448,404.85	2,417,570.78
Net expense recorded in Sept. 1997	292,054.49	352,824.56	1,049,494.00	615,191.75	3,134,640.34
Balance of a/c 1440-1 at 9/30/97	(250,000.00)	(100,000.00)	(170,000.00)	(412,000.00)	(932,000.00)
9/30/96	(250,000.00)	(100,000.00)	(170,000.00)	(112,000.00)	(632,000.00)
9/30/95	(450,000.00)	(100,000.00)	(170,000.00)	(112,000.00)	(832,000.00)
9/30/94	(450,000.00)	(100,000.00)	(170,000.00)	(112,000.00)	(832,000.00)
9/30/93	(450,000.00)	(100,000.00)	(170,021.89)	N/A	(720,021.89)
9/30/92	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(570,000.00)
9/30/91	(300,000.00)	(100,000.00)	(170,000.00)	N/A	(570,000.00)
Adjustment to Subscribers:					
ad Debt expense for 12 months ended 9/29/97	0.00	2,433.57			
Net expense recorded in the month of Sept. 1997	292,054.49	355,258.13			
Balance of a/c 1440-1 at 9/30/97	(270,000.00)	(30,000.00)			
9/30/96	(20,000.00)	(30,000.00)			
9/30/95	(20,000.00)	(30,000.00)			
9/30/94	(20,000.00)	(30,000.00)			
9/30/93	(20,000.00)	(30,000.00)			
9/30/92	(20,000.00)	(30,000.00)			
9/30/91	(20,000.00)	(30,000.00)			

WRITE - OFF ANALYSIS	Actual/Net Write-Offs FYE 97
*1978-1981 0.65 %	Energas 605,489
*1982 0.67 %	Transila 193,405
1/1/83-10/1/83 1.40 %	WKG 502,015
10/1/83-9/30/84 1.10 %	GGC 450,038
*FY 1985 0.72 %	Atmos 1,750,949
*FY 1986 0.89 %	Gas Service 448,063,595
*FY 1987 0.78 %	Revenue(ex UCG) 448,063,595
*FY 1988 0.59 %	% Write offs 0.39%
*FY 1989 0.51 %	
*FY 1990 0.54 %	
*FY 1991 0.57 %	
*FY 1992 0.52 %	
*FY 1993 0.41 %	
*FY 1994 0.42 %	
*FY 1995 0.28 %	
*FY 1996 0.35 %	
*FY 1997 0.39 %	

NET CHARGE OFF ANALYSIS	Excluding UCG
Net Charge Offs	1,997
Avg Month Chg off	12
(3 months estimate)	3
A/R Balance @9/30	1,439,810
x W/O %	0.35
	193,710
	193,676
	143,660
	198,585
	203,760
	207,909
	202,879

Gross Prior Svc still on GAL @ 9/30/97 (Ex GGC & UCG)	193,710
@ 9/30/96	193,676
@ 9/30/95	143,660
@ 9/30/94	198,585
@ 9/30/93	203,760
@ 9/30/92	207,909
@ 9/30/91	202,879

ATMOS ENERGY CORPORATION
 ANALYSIS OF UNCOLLECTIBLE ACCOUNTS EXPENSE (9040)
 AND PROVISION ANALYSIS
 FISCAL YEAR 1998/7

FISCAL 1998 ESTIMATE OF
 ACCRUAL CALCULATIONS

	<u>ENERGAS</u>	<u>TRANSLA</u>	<u>WKG</u>	<u>GGC</u>	<u>ATMOS</u>
<u>FYTD GAS SALES(prior yr)</u>					
DOMESTIC	120,671,002	28,088,784	70,903,479	46,185,700	265,848,966
COMMERCIAL	<u>34,631,020</u>	<u>9,830,739</u>	<u>29,536,940</u>	<u>26,561,648</u>	<u>100,560,347</u>
	155,302,022	37,919,523	100,440,419	72,747,348	366,409,312
NET CHARGE OFFS;					
FY 1997 - ACTUAL	605,000	194,000	502,000	450,000	1,751,000
ACTUAL %	0.39%	0.51%	0.50%	0.62%	
ACCRUAL %					
FY 1998 - ACTUAL	434,000	224,000	431,000	138,000	1,227,000
ACTUAL %	0.34%	0.53%	0.44%	0.22%	
ACCRUAL %					
FY 1995 - ACTUAL	675,000	55,000	171,000	84,000	985,000
ACTUAL %	0.53%	0.13%	0.17%	0.13%	
ACCRUAL %					
FY 1994 - ACTUAL	846,000	123,000	437,000	82,000	1,488,000
ACTUAL %	0.59%	0.38%	0.46%	0.12%	
ACCRUAL %	0.50%	0.65%	0.30%		
FY 1993 - ACTUAL	841,000	80,000	360,000		1,281,000
FY 1992 - ACTUAL	1,040,000	204,000	233,000		
FY 1991 - ACTUAL	1,148,000	200,000	305,000		
FY 1990 - ACTUAL	997,000	235,000	273,000		
					1,477,000
					1,651,000
					1,505,000

FISCAL 1999 ESTIMATE OF ACCRUAL CALCULATIONS

	ENERGAS	TRANSLA	WKG	GCG	UCG	ATMOS
DOMESTIC	110,720,529	22,329,647	73,314,822	52,785,325	162,039,922	259,150,323
COMMERCIAL	<u>31,419,076</u>	<u>8,186,809</u>	<u>30,353,690</u>	<u>32,571,517</u>	<u>86,741,256</u>	<u>102,531,092</u>
	142,139,605	30,516,456	103,668,512	85,356,843	248,781,178	361,681,415
NET CHARGE OFFS:						
FY 1998 - ACTUAL	1,073,153	153,040	706,443	522,482	(340,782)	2,114,326
ACTUAL %	0.75%	0.50%	0.68%	0.61%	-0.14%	
ACCRUAL %						
FY 1997 - ACTUAL	605,000	194,000	502,000	450,000	1,512,834	3,263,834
ACTUAL %	0.39%	0.51%	0.50%	0.62%	0.58%	
ACCRUAL %						
FY 1996 - ACTUAL	434,000	224,000	431,000	138,000		1,227,000
ACTUAL %	0.34%	0.53%	0.44%	0.22%		
ACCRUAL %						
FY 1995 - ACTUAL	675,000	55,000	171,000	84,000		985,000
ACTUAL %	0.53%	0.13%	0.17%	0.13%		
ACCRUAL %						
FY 1994 - ACTUAL	846,000	123,000	437,000	82,000		1,488,000
FY 1993 - ACTUAL	841,000	80,000	360,000			1,281,000
FY 1992 - ACTUAL	1,040,000	204,000	233,000			1,477,000
FY 1991 - ACTUAL	1,146,000	200,000	305,000			1,651,000
FY 1990 - ACTUAL	997,000	235,000	273,000			1,505,000

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item # 212
Witness: Betty Adams

Data Request:

Please provide the level of any gains or losses received or anticipated on the sale of utility property during the based period through the end of the forecasted test year. Include a description of the property, the dates and the amounts.

Response:

On December 30, 1998, Western Kentucky Gas sold a vacant 6 acre lot, located in Shelbyville, Kentucky for \$65,000. This land was purchased in 1966 for \$10,138, representing a total gain of \$54,762.00. We anticipate no additional real estate transactions in the forecasted test year.

Annually, Western Kentucky Gas sells the portion of its' vehicle fleet that are being retired from the books. In April 1999, a total of 21 vehicles were sold; 11 service trucks, 2 construction and maintenance trucks and 8 sedans. The total net sale of these 21 vehicles was \$96,319 and the total book value was \$135,647 for a net of \$(39,328). This represents a loss of \$39,328 for our total 1999 vehicle sales. Additionally, Western anticipates approximately 16 vehicles/equipment retirements and subsequent sales in April, 2,000. We are estimating the total book value to be approximately \$42,022 and the net sale to be approximately \$35,300. This equates to net loss of \$6,722 in the forecasted test year.

In summary, the total level of gains and losses received and anticipated on the sale of utility property during the base period through the forecasted test year are:

Dec. 30, 1998, 6 acre lot =	\$54,762
April 1999 vehicle sales =	\$(39,328)
April 2000 vehicle sales =	\$(6,722)
 Total gain (approx.) =	 \$8,712

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 213
Witness: Betty Adams

Data Request:

Please provide the level of fines and penalties included in the cost of service for the forecasted period.

Response:

There are no fines or penalties included in the cost of service for the forecasted period.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 214
Witness: Betty Adams

Data Request:

Please identify and provide the level of payments other than membership dues to industry organizations that is included in the forecasted test year cost of service. Include a statement of purpose for each payment.

Response:

There are no payments to industry organizations other than membership dues included in the forecasted test year cost of service.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 215
Witness: Betty Adams

Data Request:

Please provide the level of dues paid to the American Gas Association (AGA) and other organizations that are associated with lobbying activities. Indicate whether these costs have been excluded from the cost of service. Include a statement of purpose for each payment.

Response:

The amount of dues paid to the American Gas Association at the corporate level for lobbying activities for the period October 1998 through May 1999 is \$8,705. The amount of dues paid to the Southern Gas Association at the corporate level for lobbying activities for the period October 1998 through May 1999 is \$300. All of the above payments were expenses to a/c 426 which is not included in the cost of service.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 216
Witness: Betty Adams

Data Request:

Please provide the level of direct lobbying on behalf on WKG or Atmos Energy Corp. that is included in the forecasted test year cost of service.

Response:

There are no direct lobbying activity expenses in the forecasted test year cost of service.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 217
Witness: Betty Adams

Data Request:

Please list all self-funded or accrued reserves for claims such as injuries and damage, insurance, pensions, etc., and provide the following for the base and forecasted test years:

- a. the level of monthly or annual accruals;
- b. actual funds paid out;
- c. the end of period balance; and
- d. explain how such reserves have been handled for ratemaking purposes

Response:

Pension plan: Please see response to DR-197 for the pension information

- a. The annual accrual for injuries and damages during the base year is \$289,786. Claims over \$50,000 are deferred and amortized into expense over the period allowed and claims under \$50,000 are expensed as incurred.
- b. No claims were paid during the base year for injuries and damages.
- c. The end of period balance (Fiscal 1999) for the General Liability Reserve is projected to be \$455,000 for WKG.
- d. Only the pension reserve has been excluded for ratemaking purposes.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 218
Witness: Betty Adams

Data Request:

Please separately provide a list of deferred debits and deferred credits for WKG as of the end of the base period and the forecasted test year.

Response:

We budget our deferred debits and credits at a very high level, not itemized by individual accounts with the exception of a/c 252 (Customer Advances for Construction). See response to AG data request 207.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 219
Witness: Gruber

Data Request:

219. Please describe all plans the Company may have concerning early retirement, employee severance or corporate restructuring.

Response:

The Company has no plans for an early retirement, employee severance or corporate restructuring.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 220
Witness: Betty Adams

Data Request:

Please provide a copy of all incentive or bonus compensation plans and provide the level of such expense included in the cost of service.

Response:

The level of all incentive/bonus compensation included in the cost of service is \$77,862.

Management Incentive Plan (MIP): performance based annual incentive plan that is aligned with the Company's business strategy. The plan was approved by the shareholders in Feb. 1999 and it has been designed to satisfy Section 162(m) of the Internal Revenue Code.

Administration: Human Resources Committee of the Board of Directors

Eligibility: All corporate officers and business unit presidents, all utility business unit officers, and all corporate employees in Pay Grade 7 and 8 who report directly to a corporate officer.

Performance Measures: Stretch targets are set each year for the following performance measures - corporate financial such as return on equity, earnings per share and free cash flow; business unit financial such as return on equity, earnings per share, net income and free cash flow; and corporate/shared service unit and business unit operational measures such as expenditures compared to budget and the attainment of specific safety goals.

Target Opportunities: the opportunity for an award is created when the fiscal year goals are met. The greater the results against performance measures, the higher the potential payout as a percentage of base pay.

Payment of Incentives: Incentives will be paid in the form of stock options, restricted stock (3-year restriction), unrestricted common shares and cash.

Weighting of Performance Measures for the Management Incentive Plan:

Measurement	Weighting of Performance Measures	
	Business Unit	Shared Services
Corporate Financial Results	25%	25%
Business Unit Financial Results	50%	50%
Shared Services Operational Measures	NA	25%
Business Unit Operational Measures	25%	NA

Long-Term Incentive Plan – a “omnibus” long-term incentive plan that provides for various types of long-term incentive plans. The plan was approved by the Company's shareholders in Feb. 1999 and it has been designed to satisfy Section 162(m) of the Internal Revenue Code.

Administration: Human Resources Committee of the Board of Directors.

Eligibility: All corporate officers and business unit presidents, all utility business unit officers, and all corporate employees in Pay Grade 7 and 8 who report directly to a corporate officer.

Types of Incentives: Incentive Stock Options, Restricted Stock/Restricted Stock Units, Stock Appreciation Rights, Bonus Stock, and Stock Units.

Variable Pay Plan – an opportunity to share with employees the successes they help bring about. The plan is designed to link employees to overall company and team performance objectives; provide a method to deliver above-average pay when performance warrants; create a sense of ownership and commitment to corporate vision and values; and encourage employees to become knowledgeable about the business and how they can make a difference.

Administration: Management Committee of the Company

Eligibility: All employees who do not participate in the Management Incentive Plan

How the plan works: Each fiscal year, the Company will establish key performance measures. These measures that are considered critical to achieving business objective for a given year and may include such things as growth in earnings, and improved cash flow to meet shareholders' expectations and fund future growth. They may also include crucial customer satisfaction and safety results.

Each of the performance measures will be weighted to reflect the degree of impact teams have on corporate and business unit/shares services results.

When business units/shared service teams meet or exceed their annual goals, the opportunity to share financial rewards with team members is created. The greater the results against performance measures, the higher the potential payout as a percentage of base pay.

Target Payout: 5% of base pay up to a maximum payout of 10% of base pay.

Weighting of Performance Measures For the Variable Pay Plan:

Measurement	Weighting of Performance Measures	
	Business Unit	Shared Services
Corporate Financial Results	25%	50%
Business Unit Financial Results	50%	25%
Shared Services Operational Measures	NA	25%
Business Unit Operational Measures	25%	NA

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item #221
Witness: Donald P. Burman

Data Request:

221. With reference to the response to KPSC 1-3,
- a. Please explain whether the future test year expense level for OPEB includes both the pay-as-you-go amount and the accrued (actuarially determined) amount.
 - b. Please provide a worksheet showing the OPEB expense previously allowed in rates; the annual level of total OPEB expense incurred or to be incurred for each year subsequent to rate recovery; the balance in the OPEB reserve account as the end of the future test year related to Western.

Response:

- a. The future test year expense level for OPEB includes only the accrued actuarially determined amount.
- b.
 - (1) The OPEB expense included in the cost of service of the Company's last base rate case, which was based on the twelve months ended September 30, 1994, was \$1,116,084;
 - (2) The OPEB expense incurred in the test year is \$1,530,200;
 - (3) The balance in the OPEB reserve account as of the end of the future test year related to Western is \$5,511,500.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 222
Witness: Betty Adams

Data Request:

With reference to the response to KPSC 1-8, FY 98 included \$2.2 million of capitalized start-up costs related to service improvements.

- a. Please explain how start-up costs were removed from the capital budgeting process, given that a "bottoms-up" approach was not used.
- b. Please describe the type of costs that are included in the "various" category totaling \$652,000.

Response:

- a. The start-up costs referred to above are included in the Shared Service capital budget. Please see AG data request 194.
- b. The type of costs included are increases in labor expenses, increases in benefits expenses, increase in IT expenses and general cost increases.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 223
Witness: David H. Doggette

Data Request:

223. With reference to the response to KPSC 1-9(b), please explain why it is appropriate to use number of customers in determining Western's share for the information technology strategy and Shared Services costs.

Response:

I believe this request applies to KPSC DR1-9(f). Please see the response to KPSC DR2-8.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 224
Witness: Gruber

Data Request:

According to Mr. Gruber's testimony beginning on page 12 through page 15, he discusses four initiatives -- the Customer Information System, the Centralized Customer Support Center, the Information Technology Infrastructure and the Business Process Change. He states that those costs are separate from IT costs associated with the Oracle/Orbit system conversion. Please clarify what the IT strategy costs presented in the response to KPSC 1-9(b) are. Specifically, are those costs related to only the four initiatives? Do they include the Oracle/Orbit conversion? Do they include only the Information Technology Infrastructure portion of the four initiatives as mentioned on pages 12 through 15 of Mr. Gruber's testimony?

Response:

I appreciate that this could be confusing to those outside the Company. In answer to the last question stated above, the IT Strategy costs are not the same thing as the IT Infrastructure costs discussed on page 14.

The IT Strategy costs are the Oracle/Orbit conversion costs. They are the underlying financial systems now used by the Company, and as such, relate to all operations of the Company. The IT Strategy costs are thoroughly discussed in my testimony on pages 16-18. These are the same IT Strategy costs referenced in KPSC 1-9(b).

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 225
Witness: David H. Doggette

Data Request:

225. With reference to the response to KPSC 1-10, please provide the amounts for Atmos A&G allocation, Western business unit allocation and the total capital budget for FY 96, 97 and 98.

Response:

The total capital budgets are given in the revised schedule included in the response to AG IDR-190 and shown below. The A&G and business unit budgeted overheads are also shown.

	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998
Total Capital Budget	\$17,770,374	\$16,595,351	\$10,194,434
Atmos A & G	\$2,665,556	\$2,987,163	\$1,631,109
Western	\$2,843,269	\$2,655,256	\$2,446,664

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 226
Witness: David H. Doggette

Data Request:

226. With reference to the response to KPSC 1-10, please show the derivation 36.25 percent and provide the similar amount and calculation for FY 96, 97 and 98.

Response:

Please see KPSC Supplemental Response to DR Item 10 for witness David H. Doggette. There are no similar amounts for FY 96, 97 and 98.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 227
Witness: Marks

Data Request:

With reference to the response to KPSC 1-16, please explain how Mr. Marks is aware of the Commission's "understanding" of the process to which Western agreed. Provide any documents that delineates the Commission's understanding.

Response:

The Commission was aware that as a result of the settlement and orders in Case No, 95-010 that Western would be developing a low-income DSM program. See the settlement and orders in Case No. 95-010. The letters between Mr. Mills and the Company further document the Commission's understanding. It should also be noted that the Commission was invited to participate in the DSM collaborate process, but declined to participate.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 228
Witness: Marks

Data Request:

228. With reference to the response to KPSC 1-22, please provide a copy of the results (quantification) of the AEG evaluation of the impact of Detroit Edison's low income program on uncollectibles.

Response:

Please see attachment AG-DR 228.

The first step was to quantify the direction of the change: Did arrearages increase or decrease in 1995 vs. 1993? Further, what number of customers (or proportion thereof) had increases or decreases, in each group? Table VI.8 below summarizes our analysis sample:

Table VI.8: Analysis Sample

	Participant Sample	Control Group
Samples Furnished by Detroit Ed:	1,080	1,002
Customers w/ Higher Arrearages: (1995 vs. 1993)	259 (24.0%)	338 (33.7%)
Customers w/ Lower Arrearages: (1995 vs. 1993)	672 (76.0%)	664 (66.3%)

As Table VI-8 reveals, the direction of the change in arrearages from 1993 to 1995 for both the participant the control group is the same. In each case the percentage of customers demonstrating a decrease in arrearages exceeds that having larger arrearages. For the participant group, 76% had lower arrearages in 1995 than 1993; and 24% higher. For the control group, 66% had lower arrearages in 1995 than 1993, and 34% higher.

The fact that the participant group experienced a greater percentage of decreased arrearages than the control group does support the hypothesis that program intervention has a favorable impact on low income customer arrearage patterns.

Next, AEG compared changes in the monetary value of arrearages in the participant and control groups in 1995 vs. 1993. Table VI-9 summarizes the findings from our comparison:

Table VI.9: Comparison of Findings

Customer Group	Mean Arrearages in Pre-Treatment Period	Mean Arrearages in Post-Treatment Period	Change in Arrearages (1995 - 1993)
Participant Group (N = 1080)	8691.04 (t = 14.14)	299.32 (t = 16.72)	8391.72 (t = 13.78)
Control Group (N = 1002)	91.20 (10.40)	69.01 (t = 10.65)	22.18 (t = -3.05)

These results by themselves do support the maintained hypothesis that program intervention reduces customer arrearages.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 229
Witness: Adams

Data Request:

Did Western receive an Order from the Commission authorizing the deferral and recovery of the costs associated with WKG CARES pilot program? If so, please provide a cite for such an authority. If not, please explain why Western did not seek such an order.

Response:

No. For explanation see response to AG DR 230.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 230
Witness: Adams

Data Request:

If there is not an Order authorizing deferral and recovery of WKG CARES pilot cost, is it Western's position that a Commission authorization to defer costs is not necessary? Please explain and provide instances where deferral and recovery was allowed without a previous Commission Order authorizing such treatment of costs.

Response:

KRS 278.285 makes no requirement of a deferral order to facilitate rate recovery. Neither the Order nor the settlement in Case No. 95-010 required a deferral order for rate recovery. Nor did Mr. Mills' letter. Yet, all addressed the issue of rate recovery. Although Western advised the Commission that it intended to seek rate recovery, Western was not subsequently asked to defer its WKG CARES costs. Western has not violated any requirement necessary for cost recovery of WKG CARES through rates. Quite to the contrary, Western has done everything necessary in terms of establishing a DSM program that meets all the requirements for rate recovery.

Western has not determined whether other DSM programs in Kentucky for which rate recovery is occurring required the deferral of costs.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 231. a.
Witness: Smith and Marks

Data Request:

231. With reference to the response to KPSC 1-27,
- a. Please provide a breakdown of the components (weatherization, settlement of arrearages, etc.) of the costs for each year presented in the response to KPSC 1-27 (a & c).

Response:

Fiscal Year	Weatherization Cost	Consultant Cost	Total Cost
1997	\$216,517.42	\$33,389.82	\$249,907.24
1998	\$250,562.49	\$84,269.80	\$334,832.29
1999 (through May)	\$133,721.90	\$0.00	\$133,721.90
Subtotal	\$600,801.81	\$117,659.62	\$718,461.43
2000	\$200,000.00	\$0.00	\$200,000.00
2001	\$200,000.00	\$0.00	\$200,000.00
2002	\$200,000.00	\$0.00	\$200,000.00
Subtotal	\$600,000.00	\$0.00	\$600,000.00

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 231. b.
Witness: Smith and Marks

Data Request:

231. With reference to the response to KPSC 1-27,
- b. If any pilot costs were incurred and expensed during the base period or included in the forecasted test year, please provide the amounts and state the nature of the costs.

Response:

Period	Weatherization Costs	Total
FY 1999 (through May)	\$133,721.90	\$133,721.90
FY 1999 (June - Sept)	\$84,278.10	\$84,278.10
Total	\$218,000.00	\$218,000.00

There are no pilot costs included in the forecasted test year.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 232
Witness: David H. Doggette

Data Request:

232. With reference to the response to KPSC 1-28,
- a. Does the amounts in the "Expenditures Amount" column represent the actual cost at completion? If not, please explain what those amounts represent.
 - b. For categories other than Retirements & Salvage and Reimbursements, please explain what the other negative costs represent.

Response:

- a. Yes.
- b. The other negative costs represented in the response to KPSC 1-28 are Main Extension Forfeitures.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 233
Witness: Betty Adams

Data Request:

With reference to the response to KPSC 1-34,

- a. Please explain how the "WKG %" and "WKG \$" for April 1999 through September 1999 were determined, given that the amounts for that period are projected.
- b. According to the response to KPSC 1-34(b), the "WKG %" for the forecasted test year was determined using the approved WKG allocation percentage as set forth in each SSU's contract with the business units.
 - i. Please provide documentation showing the derivation of the allocation percentages for both the base and forecasted periods.
 - ii. Are the allocation percentages for the forecasted test year the same as used for the April 1999 to September 1999 period? Please explain any differences.
 - iii. If not previously addressed, please explain why the allocation percentages differ for the base period and forecasted period.

Response:

- a. The "WKG %" and "WKG \$" for April 1999 through September 1999 were taken from the Board approved 1999 Operating Budget and 1999 Shared Service Contracts. The same percentage is projected to be billed to Western in these months as in the actual months of October 1998 through March 1999.
- b. Please refer to the 1999 Shared Service Contracts in response to KPSC Data Request # 83, dated July 16, 1999.
 - i. The Contracts provide the allocation percentages for all business units.
 - ii. The allocation percentages for the forecasted test year and April 1999 to September 1999 are the same.
 - iii. Please see part ii above.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 234
Witness: Adams

Data Request:

With respect to the response to KPSC 1-40(c), please explain how the KPSC fees are administered. Does the rate assessed change annually? Is the PSC fee a fixed amount assessed on the Company? Why does the tax liability as a percentage of revenues vary from year-to-year?

Response:

Attached are copies of Kentucky Statutes that explain the administration of KPSC fees:

KAR 278.130 Assessments Against Utilities – Application for Adjustment
KAR 278.140 Report of Gross Earnings from Intrastate Business
KAR 278.150 Payment of Assessments – Certification of Deduction by Commission
Administration of Funds Collected.

The applicable KPSC fee is established annually by the Finance and Administration Cabinet and, within statutory limits, may change from year to year. Notice to the utilities is sent from the Revenue Cabinet by July 1 of each year. The KPSC fee is based upon the utilities gross revenues, which may vary annually. Utilities report their gross intrastate revenues (the assessment basis) by March 31 of each year. A change in rate, statutory limits, and the change in utility gross revenues may combine to produce annual variability as a percentage of revenues.

278.150 Payment of assessments -- Certification of deduction by commission -- Administration of funds collected.

- (1) The commission shall, on or before June 1, certify to the Revenue Cabinet and the Finance and Administration Cabinet the amount of intrastate business of each utility in the state subject to its jurisdiction during the previous calendar year. The commission shall, when certifying the intrastate sales of retail electric suppliers, deduct from such sales one-half (1/2) of the applicable wholesale power costs, provided the utility from which such wholesale power purchases were made pays assessment on the full wholesale value of its gross intrastate sales in Kentucky. When certifying the intrastate sales of retail electric suppliers not subject to the jurisdiction of the commission for rates, the commission shall deduct one-half (1/2) of their actual intrastate sales. All utilities classified as retail electric suppliers shall pay assessments based on the amount of intrastate sales less deductions as certified by the commission.
- (2) The Finance and Administration Cabinet shall, on or before June 10, establish the assessment rate and give written notification thereof to the Revenue Cabinet and the commission. The Revenue Cabinet shall collect and pay the assessment into the State Treasury to the credit of the general expenditure fund. All such assessments shall be paid into the State Treasury through the Revenue Cabinet on or before July 31 of the year in which the assessments are made.
- (3) If any amount in the special fund for the maintenance of the commission remains unexpended at the end of any fiscal year, that amount shall not lapse, but shall remain credited to the account of the commission and may be used during any succeeding year.

Effective: July 15, 1982

History: Amended 1982 Ky. Acts ch. 82, sec. 19, effective July 15, 1982; ch. 197, sec. 1, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 379, sec. 21, effective April 1, 1979. -- Amended 1978 Ky. Acts ch. 233, sec. 25, effective June 17, 1978. -- Amended 1974 Ky. Acts ch. 74, Art. II, sec. 9(1). -- Amended 1972 Ky. Acts ch. 47, sec. 5. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 3952-53, 3952-56, 3952-57.

Legislative Research Commission Note. This section was amended by two 1982 Acts which do not appear to be in conflict and have been compiled together.

278.130 Assessments against utilities -- Applications for adjustment.

- (1) For the purpose of maintaining the commission, including the payment of salaries and all other expenses, and the cost of regulation of the utilities subject to its jurisdiction, the Revenue Cabinet shall each year assess the utilities in proportion to their earnings or receipts derived from intrastate business in Kentucky for the preceding calendar year as modified by KRS 278.150, and shall notify each utility on or before July 1 of the amount assessed against it. The total amount so assessed shall not in any year exceed two (2) mills on intrastate receipts as so modified, which shall be deposited into the State Treasury to the credit of the general fund. The sum by each utility shall not be less than fifty dollars (\$50) in any one (1) year.
- (2) The assessments provided for in this section shall be in lieu of all other fees or assessments levied by any city or other political subdivision for the control or regulation of utilities.
- (3) The commission, upon application by a utility, shall authorize the utility to adjust its rates to recover, within not more than one (1) year, any change in the annual assessment and any costs imposed by commission order for the fees and expenses of consultants. The application, and any hearing or other proceedings thereon, shall be limited to the amount of such adjustment.

Effective: July 15, 1988

History: Amended 1988 Ky. Acts ch. 229, sec. 1, effective July 15, 1988. -- Amended 1982 Ky. Acts ch. 82, sec. 17, effective July 15, 1982; ch. 197, sec. 2, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 379, sec. 19, effective April 1, 1979. -- Amended 1976 Ky. Acts ch. 88, sec. 10, effective March 29, 1976. -- Amended 1972 Ky. Acts ch. 47, sec. 4. -- Amended 1964 Ky. Acts ch. 195, sec. 3. -- Amended 1960 Ky. Acts ch. 206, sec. 1. -- Amended 1952 Ky. Acts ch. 46, sec. 1. - - Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 3952-53, 3952-54, 3952-55, 3952-60.

278.140 Report of gross earnings from intrastate business.

To ascertain the amount of the assessment provided for in KRS 278.130, each utility shall, on or before March 31 of each year, file with the commission a report of its gross earnings or receipts derived from intrastate business for the preceding calendar year.

Effective: July 15, 1982

History: Amended 1982 Ky. Acts ch. 82, sec. 18, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 379, sec. 20, effective April 1, 1979. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 3952-55.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 235
Witness: Betty Adams

Data Request:

With reference to the response KPSC 1-46, please explain the nature of the following items:

- a. Gilliland Rent I & II
- b. Alliance Gas
- c. Ten Alliance Gas
- d. CIS Project
- e. Oracle Database Maint
- f. Monster Board - Internet
- g. Amer Gas Coaling Ctr.
- h. Southern Gas Association
- i. American Gas Association
- j. National Bank of Texas
- k. Int of Gas Tech

If any items above are for organization membership, please explain what requires prepayment of membership fees.

Response:

- a. Gilliland Rent I & II – Prepayment of final month's rent for buildings.
- b. Alliance Gas – Item inadvertently budgeted in base and forecast year due to the use of 2 years historical information for guidance. Note that there were no charges in the 6 months of actual expenses. See revised attached schedule reflecting removed item and amount.
- c. Ten Alliance Gas - Item inadvertently budgeted in base and forecast year due to the use of 2 years historical information for guidance. Note that there were no charges in the 6 months of actual expenses. See revised attached schedule reflecting removed item and amount.
- d. CIS Project – Billing System Maintenance Contracts amortized over life of contracts.
- e. Oracle Database Maintenance – Accounting System Technical Support Contracts amortized over life of contracts.
- f. Monster Board Internet – Prepaid fee for posting of jobs on a web site amortized as jobs are posted.
- g. Amer Gas Cooling Ctr – Membership dues and fees paid in advance per organization requirement and amortized over period covered by dues.

- h. Southern Gas Association - Membership dues and fees paid in advance per organization requirement and amortized over period covered by dues.
- i. American Gas Association - Membership dues and fees paid in advance per organization requirement and amortized over period covered by dues.
- j. National Bank of Texas - An arrangement fee and administrative fee for \$250 million credit facility for 8/7/98 to 8/6/99 amortized over life of credit facility.
- k. Int of Gas Tech - Membership dues and fees paid in advance per organization requirement and amortized over period covered by dues

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 236
Witness: Betty Adams

Data Request:

With reference to the response to KPSC 1-63, were any Y2K costs deferred? If so, please provide the level costs included in the forecasted test year expenses and cite the Commission Order authorizing the deferral of the Y2K expenses..

Response:

No Y2K cost was deferred.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 237
Witness: Gruber

Data Request:

237. With reference to the response to KPSC 1-69a, when does Western expect to have the vacant positions filled?

Response:

237. Our original intent was to begin hiring at the beginning of FY2000; however, Western's current earnings situation and the uncertainty of the outcome of this case makes the filling of these needed positions difficult given these circumstances.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 238
Witness: Betty Adams

Data Request:

With reference to the response to KPSC 1-70, do the positions and number of employees listed include contractors employees? If so, please provide the amounts excluding contractors.

Response:

WKG's employee numbers have never included contractors.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 239
Witness: Adams & Gruber

Data Request:

With reference to the response to KPSC 1-71, please show the derivation the forecasted year amount of \$126,168. Include in your response a reconciliation of the \$126,168 to the \$300,000 presented on page 9 of Ms. Adams' testimony.

Response:

The answer provided to KPSC 1-71 9 (c) was incomplete. \$126,168 is an estimate derived from the most recent cellular billing (June) in the amount of \$11,649.80, of which \$1135.80 is in equipment costs. The remaining \$10,514.00 was multiplied by a factor of 12 to reach the \$126,168. The \$126,168 is a view (from June 1999) of our cellular expenditures in 2000 (the forecasted test year) assuming no change in cellular applications. The \$126,168 was provided to compare the base period cellular related communications expense to that of the forecast period. This assumption made for an equivalent comparison of the base period (\$79,140) to the forecast period (\$126,168). It does not capture the additional cellular related communications expense increases resulting from further roll-out of Western's IT initiatives.

There is no reconciliation between the \$126,168 from KPSC 1-71 and the \$300,000 referenced in Ms. Adams' testimony. The \$126,168 was provided to compare the base period cellular related communications expense to that of the forecast period. The \$300,000 referenced in Ms. Adams testimony is the increase in IT costs, predominantly communications expense, from the FY1999 original budget to the forecasted test year (2000).

The \$300,000 reflects approximately \$150,000 that was under-budgeted in Western's FY1999 original budget for IT costs – software and equipment (hardware) maintenance, and another \$150,000 in cellular communications related expense increases from FY1999 to the forecasted test year 2000. Western is finding that its cellular communications related expense as a result of its IT initiatives is growing rapidly. For example, when the original FY1999 budget was prepared, it was not originally appreciated that Western's construction and maintenance crews would be able to utilize cellular technology to the extent now realized. Nor did Western anticipate the increase its cellular usage that will result from providing same or next day service. In both the O&M and capital budgets, the relative proportion of IT related cost is growing.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 240
Witness: David H. Doggette

Data Request:

240. With reference to the response to KPSC 1-77, please provide:
- a. the derivation of the 9,000 average number of meters tested; and
 - b. the source of the \$49.82 and \$24.09 for changing and testing.

Response:

- a) The derivation for the 9,000 average reduction of meters to be tested is as follows:

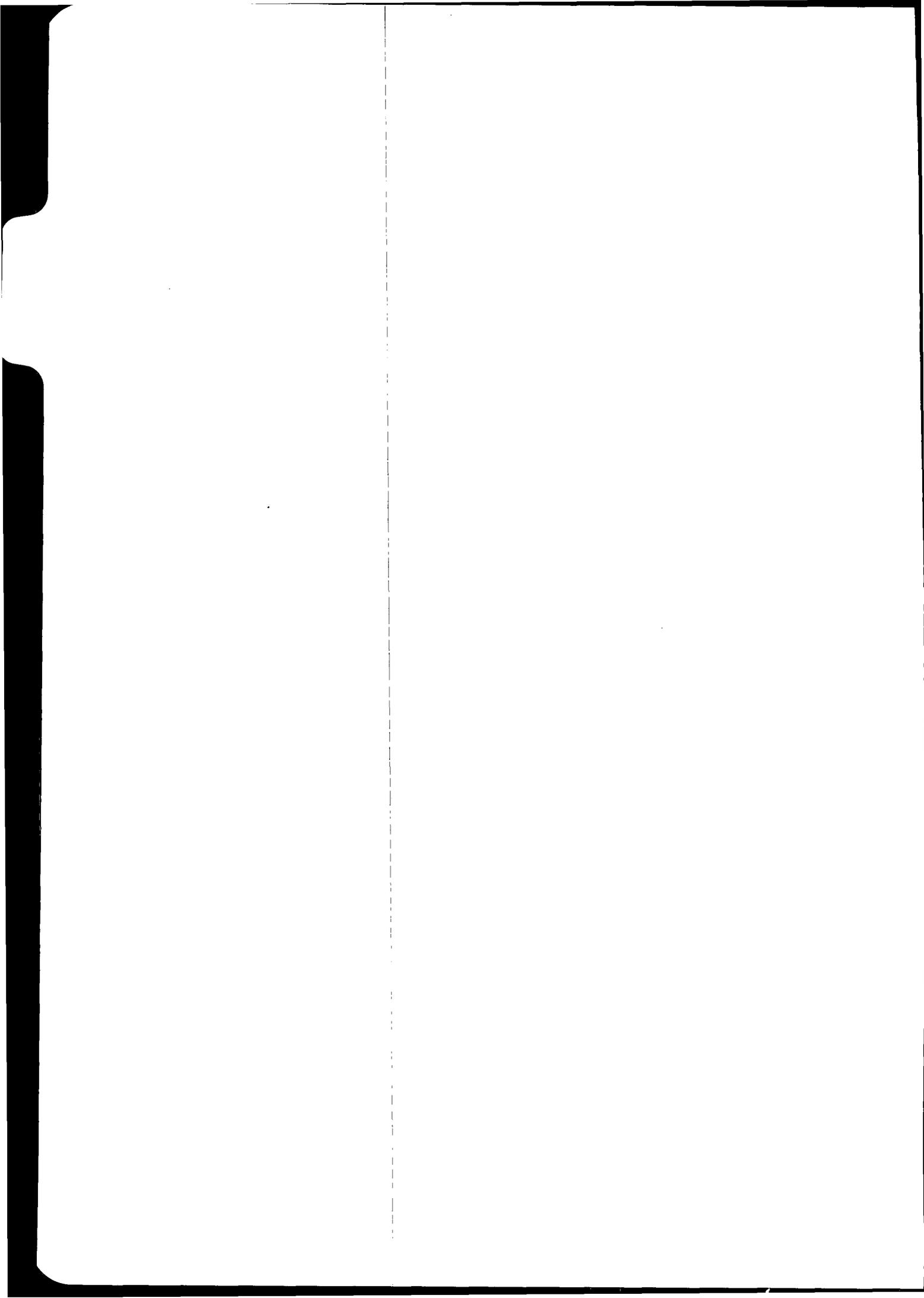
The current 10 year cycle averages	15,781 meters tested annually
The statistical proposal, (approximate)	<u>6,781 meters tested annually</u>
	9,000 meter test reduction

- b) The \$49.82 is the current price for a new meter from the supplier selected by our purchasing department during the last annual bid process.

The average repaired price for the 5,000 meters was determined by using the unit price quote from the meter repair shop.

Meters tested, adjusted	(3,500)	\$17.25	\$60,375
Meters repaired, remanufactured	<u>(1,500)</u>	\$40.05	<u>\$60,075</u>
	(5,000)		\$120,450

The average repaired meter price for 5,000 meters at \$120,450 is \$24.09.



Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 241
Witness: Betty Adams

Data Request:

With reference to Schedule C-2.2, please explain:

- a. the negative amounts recorded during the base period in Account No. 8140;
- b. the higher level of expenses recorded in Account No. 8560 during October 1998 and September 1999;
- c. the higher level of expenses recorded in Account No. 8810 from April 1999 through September 1999;
- d. the higher level of expenses recorded in Account No. 8910 from May 1999 through September 1999;
- e. the higher level of expenses recorded in Account No. 8940 from March 1999 through September 1999;
- f. the decreased level of expenses recorded in Account No. 9030 from April 1999 through September 1999;
- g. the negative expense recorded in Account No. 9040 during November 1998 and June 1999;
- h. the 37 percent increase in Account 8200 during the forecasted period;
- i. the 104 percent increase in Account 8210 during the forecasted period;
- j. the 53 percent increase in Account 8250 during the forecasted period;
- k. the 142 percent increase in Account 8340 during the forecasted period;
- l. the 220 percent increase in Account 8350 during the forecasted year;
- m. the 167 percent increase in Account 8360 during the forecasted year;
- n. the 54 percent decrease in Account No. 8500 during the test year;

- o. the 334 percent increase in Account No. 8620 during the forecasted test year;
- p. the 192 percent increase in Account No. 8650 during the forecasted test year;
- q. the 23 percent increase in Account No. 8780 during the forecasted test year;
- r. the 39 percent increase in Account No. 8800 during the forecasted test year;
- s. the 118 percent increase in Account No. 8870 during the forecasted test year;
- t. the 339 percent increase in Account No. 8920 during the forecasted test year;
- u. the 78 percent decrease in Account no. 9030 during the forecasted test year;
- v. the 63 percent decrease in Account No. 9100 during the forecasted test year; and
- w. the 70 percent decrease in Account No. 9250 during the forecasted test year.

Response:

Please refer to the testimony of Betty Adams, page 5, lines 4 through 23. As explained in the testimony, the budgets by NARUC account was reviewed and adjustments were made to ensure the most accurate representation of costs within each NARUC account. However, this review and resulting adjustments pertained to annual budget amounts, and the anomalies inherent in the actual expense distribution amount months is apparent in the monthly budget. Hence, many of the anomalies referred to in this question are a result of WKG's method of converting its O&M budget by cost element into NARUC accounts as indicated below.

- a. The negative amount recorded in March 1999 reflects the reimbursement of twelve months of costs. Please refer to the above statement for an explanation of the negative amount in the remaining months.
- b. Please refer to the above statement for an explanation of the monthly spread of expenses.
- c. The actual months of October 1998 through March 1999 reflect the sublease of two locations and a lower level of utility costs.

- d. Please refer to the above statement for an explanation of the monthly spread of expenses.
- e. Please refer to the above statement for an explanation of the monthly spread of expenses. The actual charges for the first five months are lower than the spread for the last 6 months.
- f. The majority of the records and collections function was transferred to Shared Services.
- g. The negative expense recorded during November 1998 is due to the actual amount for provision of uncollectible accounts. Please refer to the above statement for an explanation for June's amount.
- h-t. Please refer to the above statement for an explanation of the monthly spread of expenses.
- u. The majority of the records and collections function was transferred to Shared Services.
- v. Demand Side Management costs have not been budgeted in the forecast period.
- w. The forecast period budget was based on the fiscal year 1999 budget, not a 6 months actual plus 6 months budget base period.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 a
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- a. It is indicated that the Business Process Initiatives (BPI) amortization was not budgeted in the forecast period. Please explain what the BPI is, and why the amortization was not included in the forecast period. Were BPI costs included directly on Western's books during forecast period? If so, why.

Response:

This refers to Business Process Changes. See response to AG DR 163.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 b
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- b. Please explain the cause of the increase in lease expense. Provide the expected increase amount and workpapers supporting the derivation of the increase.

Response:

The corporate-wide nominations and scheduling function was moved from Dallas, TX to Franklin, TN. The annual increase in the rent was \$24,000 per year, of which \$6,000 is allocated to Western. There are no workpapers at this time.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 c
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- c. Please explain the nature of technology project, the amount included in the forecasted period, and why those costs are no longer capitalized.

Response:

The SCADA system (Supervision Control & Data Acquisition) which monitors pressure and the flow of natural gas at source points into the distribution system. It provides information which helps maintain the reliability and safety of the system and also helps project throughput. The SCADA system was replaced in FY1999. During the base year, certain employee labor was capitalized for the installation of software and equipment. Now installed, the associated labor becomes expense.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 c
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- c. Please explain the nature of technology project, the amount included in the forecasted period, and why those costs are no longer capitalized.

Response:

The SCADA system (Supervision Control & Data Acquisition) monitors pressure and the flow of natural gas at source points into the distribution system. It provides information which helps maintain the reliability and safety of the system and also helps project throughput. During the base year, certain employee labor was capitalized which will no longer be capitalized in the forecasted period.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 d
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- d. Please identify and explain the nature of the projects that were deferred during the first half of the base period. Include the forecast year amount associated with each project.

Response:

The General Controls Review project was deferred from the first half of the base period until the second half. This project reviews the internal controls of the departments located in Dallas. The annual amount included in the forecast year is \$121,000, of which \$21,000 would be allocated to Western.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 e
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- e. Please explain why transfer agent fees are not capitalized during the forecast period.

Response:

The forecast period budget anticipates that Atmos purchases stock on the open market for its employee benefits plans. Transfer agent fees are expensed when related to an open market purchase of stock, per Generally Accepted Accounting Principles.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 f
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- f. Please provide a listing of positions to be filled, the annual expenses related to those positions and the forecasted period amount.

Response:

The one open position of Rate Analyst has recently been filled with a permanent employee at an annual cost of \$50,000.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 g
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- g. If the functions of the positions to be filled were being handled by contractors, please provide the number of contractors and the level of costs associated with them during the base period. If those positions were not filled with contractors, please explain how those job functions were handled.

Response:

The one open position had been filled with a contractor for four and one-half months. During the base period, the contractor costs totaled \$39,000.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 h
Witness: Betty Adams

Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- h. Please provide the number of employees and the number of authorized positions for the Shared Service Units for 1994 through 1999 year-to-date. Use the format of the response to KPSC 1-70. Include a column showing the level of contractor labor.

Response:

SS Positions	Sep-1994	Sep-1995	Sep-1996	Sep-1997*	Sep-1998	1999 YTD
Authorized	239	246	258	394	475	506
Employees	224	222	235	216	391	423
Contractors **	N/A	N/A	N/A	N/A	59	57

* The Call Center had 140 authorized positions, but only 1 employee as of September 1997.

** Contractor levels were not captured until August 1998.

Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 242 i
Witness: Betty Adams

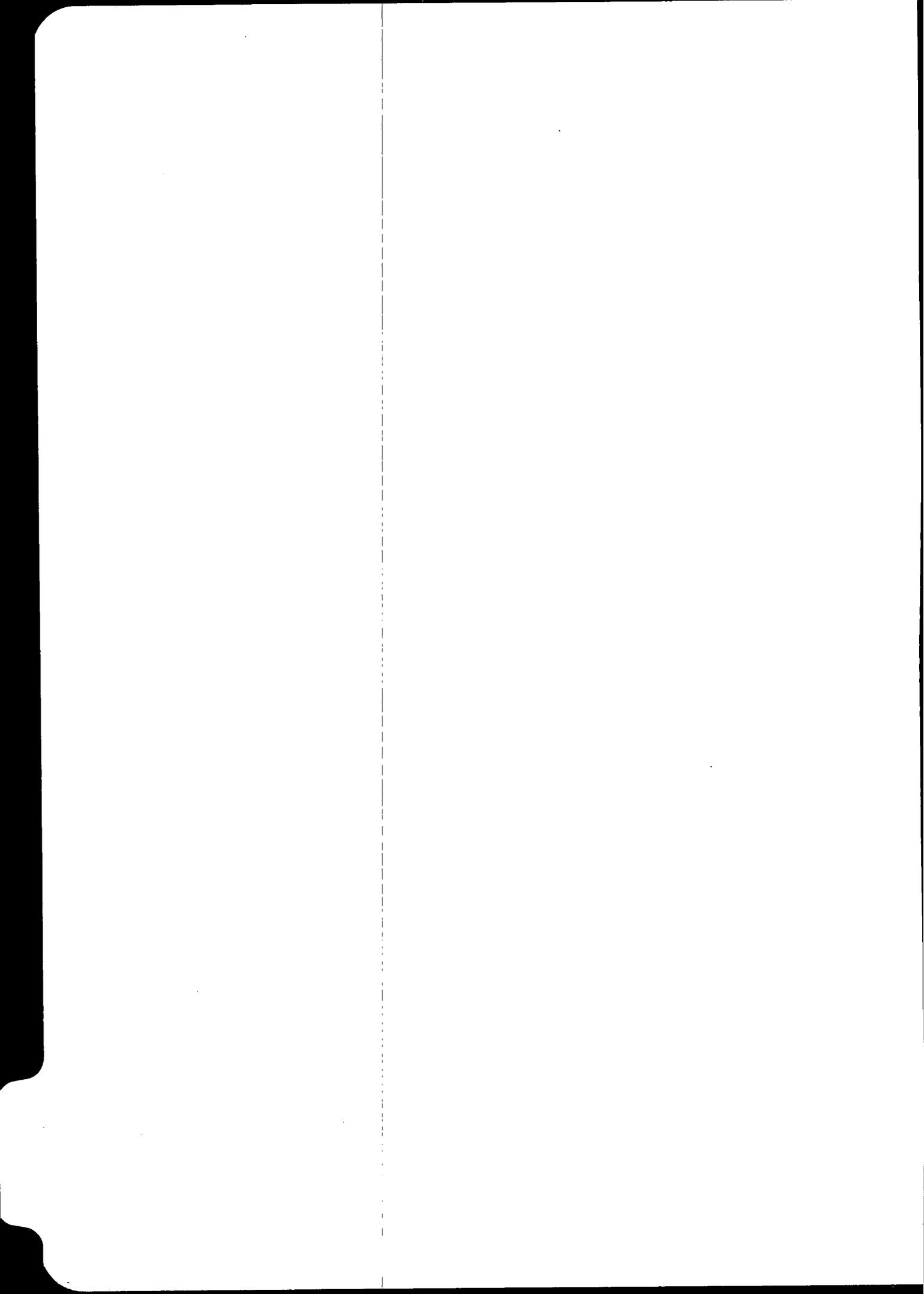
Data Request:

With reference to FR 10(9)(u) Schedule 3, Page 3,

- i. Please provide an explanation of the variance related to Treasury, Risk Management and Purchasing.

Response:

The base period actual charges for the Mass Mail function were inadvertently classified in the Treasury, Risk Management and Purchasing line item instead of the Billing & Remittance Processing line item where they belong. Given this change, the Treasury, Risk Management and Purchasing line item actually has a variance of \$138,938 instead of (\$152,962). This variance is due to Risk Management having under accrued insurance costs during the first six months of the base period. The adjustment to true-up the accrual is expected in the last six months of the base period and thus is not reflected in Schedules 1 and 3.



Western Kentucky Gas Company
Case No. 99-070
Attorney General Initial Data Request Dated August 19, 1999
DR Item 243
Witness: Gary Smith

Data Request:

243. With reference to page 7, line 28 through page 8, line 3, please provide a workpaper supporting the conclusion about FY 1999 growth. Also, please update the analysis through the most recent date available.

Response:

Please refer to the response to the Second KPSC Data Request, dated August 19, 1999, Item 44 for the requested workpaper and updated analysis.

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