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August 5, 2005

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PUBLIC SERVICE  
COMMISSION**To: Honorable Elizabeth O'Donnell****Fax: 502-564-3460****From: Gary Smith****Fax: 270-685-8052****Phone: 270-685-8024****Pages: //****Subject: First Data Request of Commission Staff dated July 22, 2005  
Case 2005-00268****Comments:**

**This fax contains the above mentioned filing by Atmos Energy Corporation. An original and seven (7) copies will be forwarded to your office via Federal Express on Monday morning.**

**If you have any questions, please call me at (270) 685-8024.**

**Thank you.**

URGENT     FOR REVIEW     PLEASE COMMENT     PLEASE REPLY     PLEASE RECYCLE

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August 5, 2005

Honorable Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort Kentucky 40602-0615

Subject: First Data Request of Commission Staff  
Case 2005-00268

Dear Ms. O'Donnell:

Enclosed herein is the filing by Atmos Energy Corporation, of its First Data Request of the Commission Staff, dated July 22, 2005 in Case Number 2005-000268. This filing includes the original and seven (7) copies.

Please direct all inquiries regarding the enclosed filing to me at the address below, or you may call me at (270) 685-8024.

Sincerely,

A handwritten signature in black ink that reads "Gary L. Smith". The signature is written in a cursive style.

Gary L. Smith  
V.P. Marketing and Regulatory Affairs

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

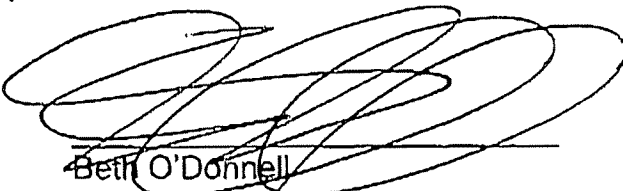
THE APPLICATION OF ATMOS ENERGY	)	
CORPORATION, FOR AN ORDER CONTINUING	)	CASE NO.
THE WEATHER NORMALIZATION ADJUSTMENT	)	2005-00268
FOR FIVE (5) ADDITIONAL YEARS	)	

COMMISSION STAFF'S DATA REQUEST TO  
ATMOS ENERGY CORPORATION

Atmos Energy Corporation ("Atmos") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due by August 5, 2005. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to paragraph 8 of the application, which indicates that Atmos intends to continue to use NOAA weather normals for 1960-1989, which were the basis for the weather normalization of the test period in its last rate case, as the basis for determining normal heating degree days.

- a. Explain in detail why it is appropriate to use the 1960-1989 weather normals rather than the weather normals from a more current 30-year period.
  - b. Describe the extent to which Atmos compared the results of more current weather normals with the results from the 1960-1989 period. If Atmos did not make such a comparison, explain why.
  - c. Provide, for the months of November through April, a monthly and cumulative comparison of normal heating degree days, for Atmos's service territory, for the 1960-1989 period and the 197-2000 period.
2. Paragraph 9 of the application indicates that no changes in the existing tariff are proposed.
    - a. Explain whether Atmos believes, based on the proposed 5-year extension of its Weather Normalization Adjustment Rider, that some modification to the text in the first sentence in the third paragraph under "1. Applicable" is necessary to reflect the proposed extension.
    - b. Provide new language for that section of the tariff to reflect what Atmos believes is needed, based on its proposed extension of the rider.



Beth O'Donnell  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED: July 22, 2005

cc: All Parties

**Atmos Energy Corporation**  
**Case No. 2005-00268**  
**First Data Request of Commission Staff - Dated July 22, 2005**  
**DR Item 1**  
**Witness: Gary Smith**

Data Request:

1. Refer to paragraph 8 of the application, which indicates that Atmos intends to continue to use NOAA weather normals for 1960-1989, which were the basis for the weather normalization of the test period in its last rate case, as the basis for determining normal heating degree days.
  - a. Explain in detail why it is appropriate to use the 1960-1989 weather normals rather than the weather normals from a more current 30-year period.
  - b. Describe the extent to which Atmos compared the results of more current weather normals with the results from the 1960-1989 period. If Atmos did not make such a comparison, explain why.
  - c. Provide, for the months of November through April, a monthly and cumulative comparison of normal heating degree days, for Atmos's service territory, for the 1960-1989 period and the 1971-2000 period.

Response:

1. Please note that in the Company's Application, we regret that the period for the NOAA 30-year normal was misstated as "1960-1989". The correct period is "1961-1990".
  1. a. Atmos Energy believes that the WNA mechanism is intended to adjust approved commodity rates (distribution charge) to compensate for weather variances from the "normal" weather upon which those rates were set. Further, Atmos Energy believes that the basis for the Normal HDD's reflected in the WNA mechanism must remain synchronized with the weather basis used for determination of the distribution charge rates.

Current distribution charge rates were established in Case No. 1999-070, by Order of the Commission on December 21, 1999. In that same Case, the initial WNA mechanism was also established.

**Atmos Energy Corporation**  
**Case No. 2005-00268**  
**First Data Request of Commission Staff - Dated July 22, 2005**  
**DR Item 1**

The attached Exhibit PSC DR-1, Item 1 (a), Sheet 1, shows the actual basis for weather normalization for the residential class volumes in Case No. 1999-070. Please note that no adjustments were made to this schedule in the conduct of that case, and the adjustments shown on this schedule were a component of the final "proof of revenue" in Case 1999-070. The Normal HDD's shown in column (b) of that schedule are based upon NOAA 30-year normal temperatures for the period of 1961-1990.

If that weather normalization schedule were based on the more current NOAA 30-year normal period of 1971-2000, and column (b) incorporated that data, then the weather adjustment for the residential class would be as shown on attached Exhibit PSC DR-1, Item 1(a), Sheet 2. The adjustment of the test year volumes, therefore would have been 127,041 Mcf lower than the volumes in Case 1999-070. To achieve the level of revenue approved in that Case, with this lower "normalized" volume, the unit commodity distribution charge would have increased from the approved rate of \$1.1900 per Mcf.

Said another way, if the new, lower basis for Normal HDDs were adopted in the WNA mechanism, and normal weather occurred, as defined in Case 1999-070 upon which the rates were set, then the WNA would produce a negative adjustment to the distribution charge.

1. b. Atmos Energy did not make such a comparison until doing so in the response above to Item 1 (a) of this data request.

The Company did not undertake such a comparison prior to filing its application in this Case, due to its belief that the basis for the Normal HDD's reflected in the WNA mechanism must remain synchronized with the weather basis used for determination of the distribution rates.

1. c. Please refer to the attached Exhibit PSC DR-1, Item 1(c)







**EXHIBIT  
PSC DR-1, Item 1(c)**

**ATMOS ENERGY CORPORATION  
Case No. 2005-00268**

Normal HDD's: 1961-1990

Source: 1961-1990 (Climatology of the United States No. 84, Daily Normals of Temperature, Heating and Cooling Degree Days and Precipitation - 1961-1990; National Oceanic and Atmospheric Administration (NOAA))

Column >	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line No.	NOAA Station	Weighting %	November	December	January	February	March	April	Total Winter
1	Evansville, IN	22.22%	564	924	1,082	857	595	273	4,295
2	Paducah, KY	37.92%	513	859	1,004	787	550	231	3,944
3	Louisville, KY	2.80%	537	871	1,032	820	580	273	4,113
4	Lexington, KY	15.61%	570	902	1,060	854	611	312	4,309
5	Nashville, TN	21.44%	450	760	893	689	469	193	3,454
6	Atmos Energy - KY	100%	520	859	1,007	793	553	246	3,978

Normal HDD's: 1971-2000

Source: 1971-2000 (Monthly Station Normals of Temperature, Precipitation, and Heating and Cooling Degree Days - 1971-2000; National Oceanic and Atmospheric Administration (NOAA))

Column >	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line No.	NOAA Station	Weighting %	November	December	January	February	March	April	Total Winter
7	Evansville, IN	22.22%	565	896	1,047	825	591	295	4,219
8	Paducah, KY	37.92%	531	855	982	750	530	255	3,904
9	Louisville, KY	2.80%	527	838	992	779	569	280	3,985
10	Lexington, KY	15.61%	574	877	1,026	816	616	332	4,241
11	Nashville, TN	21.44%	460	744	859	664	462	217	3,406
12	Atmos Energy - KY	100%	530	843	977	759	543	269	3,921

**Atmos Energy Corporation**  
**Case No. 2005-00268**  
**First Data Request of Commission Staff - Dated July 22, 2005**  
**DR Item 2**  
**Witness: Gary Smith**

Data Request:

2. Paragraph 9 of the application indicates that no changes in the existing tariff are proposed.
  - a. Explain whether Atmos believes, based on the proposed 5-year extension of its Weather Normalization Adjustment Rider, that some modification to the text in the first sentence in the third paragraph under "1. Applicable" is necessary to reflect the proposed extension.
  - b. Provide new language for that section of the tariff to reflect what Atmos believes is needed, based upon its proposed extension of the rider.

Response:

2. a. Yes, Atmos does believe that the existing tariff language, as referenced in the Commission's question, requires modification to reflect the proposed five-year continuation of the WNA rider. In the Company's application, the statement that "no changes in the existing tariff are proposed" was within the context of the formulas and processes of the existing mechanism. In accordance with the Commission's observation, the Company has incorporated the new language in its response to question 2 (b) of this data request.
2. b. The new language reflecting the five-year continuation of the WNA rider is incorporated in the attached proposed tariff sheet, Exhibit PSC DR-1, Item 2 (b).

**EXHIBIT**  
**PSC DR-1, Item 2(b)**

**FOR ENTIRE SERVICE AREA**  
**P.S.C. NO. 1**  
**Original SHEET No. 22**

**WESTERN KENTUCKY GAS COMPANY**

<b>Weather Normalization Adjustment Rider</b>	
<b>WNA</b>	
<b>1. <u>Applicable</u></b>	<p>Applicable to Rate G-1 Sales Service, excluding industrial class only.</p> <p>The distribution charge per Mcf for gas service as set forth in G-1 Sales Service shall be adjusted by an amount hereinafter described as the Weather Normalization Adjustment (WNA). The WNA shall be applicable to Rate G-1 Sales Service, excluding Industrial Sales Service.</p> <p>For a five year period commencing on November 1, 2005, the WNA shall apply to all residential, commercial and public authority bills based on meters read during the months of November through April. The WNA shall increase or decrease accordingly by month. The WNA will not be billed to reflect meters read during the months of May through October. Customer base loads and heating sensitivity factors will be determined by class and computed annually.</p>
<b>2. <u>Computation of Weather Normalization Adjustment</u></b>	<p>The WNA shall be computed using the following formula:</p> $WNA_i = R_i \frac{(HSF_i (NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$ <p>Where</p> <p>i = any rate schedule or billing classification within a rate schedule that contains more than one billing classification</p> <p>WNA<sub>i</sub> = Weather Normalization Adjustment Factor for the ith rate schedule or classification expressed as a rate per Mcf</p> <p>R<sub>i</sub> = weighted average rate (distribution charge) of temperature sensitive sales for the ith schedule or classification</p> <p>HSF<sub>i</sub> = heat sensitive factor for the ith schedule or classification</p> <p>NDD = normal billing cycle heating degree days</p> <p>ADD = actual billing cycle heating degree days</p> <p>BL<sub>i</sub> = base load for the ith schedule or classification</p>

(T)

**ISSUED:** August 5, 2005

**EFFECTIVE:** November 1, 2005

**ISSUED BY:** Gary L. Smith

Vice President – Marketing & Regulatory Affairs / Kentucky Division