ATMOS energy

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,

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

Enclosures

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THE APPLICATION OF ATMOS ENERGY CORPORATION FOR AN ORDER CONTINUING THE WEATHER NORMALIZATION ADJUSTMENT FOR FIVE (5) ADDITIONAL YEARS

COMMISSION STAFF'S DATA REQUEST TO ATMOS ENERGY CORPORATION

CASE NO. 2005-00268

AUGUST 5, 2005

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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
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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 GLS-4
Schedule 3 of 5

Western Kentucky Gas Company
Normalization Of Volumes For Weather
Reference Period Ended September 30, 1998

Line No.	Month	Lagged Normal DDays	X Coefficient	Product	Constant	Normalized Usage per Customer	No. of Customers	Normalized Volumes	Actual Volumes	Weather Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Residential - Class 1 Rate 1									
1	Oct-97	134.0	0.0155	2.0706	1.5444	3.6150	150,484	544,003	325,214	218,789
2	Nov-97	379.5	0.0155	5.8640	1.5444	7.4084	153,862	1,139,875	1,179,797	(39,922)
3	Dec-97	689.5	0.0155	10.6541	1.5444	12.1985	155,921	1,902,006	2,019,864	(117,858)
4	Jan-98	933.0	0.0155	14.4167	1.5444	15.9611	156,448	2,497,086	2,258,954	238,132
5	Feb-98	900.0	0.0155	13.9067	1.5444	15.4511	156,450	2,417,328	2,090,356	326,972
6	Mar-98	673.0	0.0155	10.3992	1.5444	11.9436	156,963	1,874,707	1,796,088	78,619
7	Apr-98	399.5	0.0155	6.1730	1.5444	7.7174	156,414	1,207,113	1,242,796	(35,683)
8	May-98	169.5	0.0155	2.6191	1.5444	4.1635	155,280	646,512	642,746	3,766
9	Jun-98	47.0	0.0155	0.7262	1.5444	2.2706	154,408	350,602	290,969	59,633
10	Jul-98	0.5	0.0155	0.0077	1.5444	1.5521	153,621	238,438	250,082	(11,644)
11	Aug-98	0.0	0.0155	0.0000	1.5444	1.5444	153,212	236,624	223,798	12,826
12	Sep-98	14.5	0.0155	0.2241	1.5444	1.7685	152,865	270,345	240,513	29,832
13										
14	Total	4,340			1.5444		154,661	13,324,639	12,561,177	763,462
15										
16	Average Usage / Customer							86.15	81.22	

ATMOS ENERGY CORPORATION
Case No. 2005-00268

EXHIBIT
DR PSC-1, Item 1(a)
Sheet 2 of 2

Normalization Of Volumes For Weather
Reference Period Ended September 30, 1998
UPDATED FOR NORMAL HDDs (1961-2000)

Line No.	Month	Lagged Normal DDays	X Coefficient	Product	Constant	Normalized Usage per Customer	No. of Customers	Normalized Volumes	Actual Volumes	Weather Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Residential - Class 1 Rate 1									
1	Oct-97	140.0	0.0155	2.1633	1.5444	3.7077	150,484	557,953	325,214	232,739
2	Nov-97	384.5	0.0155	5.9413	1.5444	7.4857	153,862	1,151,768	1,179,797	(28,029)
3	Dec-97	686.5	0.0155	10.6078	1.5444	12.1522	155,921	1,894,787	2,019,864	(125,077)
4	Jan-98	910.0	0.0155	14.0613	1.5444	15.6057	156,448	2,441,484	2,258,954	182,530
5	Feb-98	868.0	0.0155	13.4123	1.5444	14.9567	156,450	2,339,979	2,090,356	249,623
6	Mar-98	651.0	0.0155	10.0592	1.5444	11.6036	156,963	1,821,339	1,796,088	25,251
7	Apr-98	406.0	0.0155	6.2735	1.5444	7.8179	156,414	1,222,832	1,242,796	(19,964)
8	May-98	174.5	0.0155	2.6964	1.5444	4.2408	155,280	658,515	642,746	15,769
9	Jun-98	43.0	0.0155	0.6644	1.5444	2.2088	154,408	341,060	290,969	50,091
10	Jul-98	3.0	0.0155	0.0464	1.5444	1.5908	153,621	244,384	250,082	(5,698)
11	Aug-98	0.5	0.0155	0.0077	1.5444	1.5521	153,212	237,804	223,798	14,006
12	Sep-98	21.0	0.0155	0.3245	1.5444	1.8689	152,865	285,693	240,513	45,180
13										
14	Total	4,288			1.5444		154,661	13,197,598	12,561,177	636,421
15										
16	Average Usage / Customer							85.33	81.22	

ATMOS ENERGY CORPORATION
Case No. 2005-00268

EXHIBIT
PSC DR-1, Item 1(c)

Normal HDD's: 1961-1990

Source: 1961-1990 (Climatography 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	256	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

Weather Normalization Adjustment Rider

WNA

1. Applicable

Applicable to Rate G-1 Sales Service, excluding industrial class only.

The distribution charge per Mcf for gas service as set forth in G-1 Sales Service shall be adjusted by an amount hereinunder described as the Weather Normalization Adjustment (WNA). The WNA shall be applicable to Rate G-1 Sales Service, excluding Industrial Sales Service.

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. (T)

2. Computation of Weather Normalization Adjustment

The WNA shall be computed using the following formula:

$$WNA_i = R_i \frac{(HSF_i \quad (NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where:

i = any rate schedule or billing classification within a rate schedule that contains more than one billing classification

WNA_i = Weather Normalization Adjustment Factor for the ith rate schedule or classification expressed as a rate per Mcf

R_i = weighted average rate (distribution charge) of temperature sensitive sales for the ith schedule or classification

HSF_i = heat sensitive factor for the ith schedule or classification

NDD = normal billing cycle heating degree days

ADD = actual billing cycle heating degree days

BL_i = base load for the ith schedule or classification

ISSUED: August 5, 2005 **EFFECTIVE:** November 1, 2005

ISSUED BY: Gary L. Smith Vice President – Marketing & Regulatory Affairs / Kentucky Division