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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY CORPORATION)
TO EXTEND ITS DEMAND-SIDE MANAGEMENT PROGRAM) CASE NO.
AS AMENDED, AND COST RECOVERY MECHANISM) 2008-00499
AS AMENDED, FOR THREE (3) YEARS)

RESPONSE OF ATMOS ENERGY CORPORATION TO ATTORNEY
GENERAL'S APPLICATION FOR REHEARING

The Attorney General ("AG") has filed an application for rehearing concerning the Commission's September 2, 2009, Order approving Atmos' proposed modifications to its demand-side management tariff. Atmos respectfully requests the Commission to deny the Attorney General's application for rehearing for the reasons set forth below.

BACKGROUND

On December 2, 2008, Atmos filed its application with the Commission seeking approval to modify and extend its Demand-side Management ("DSM") program through December 31, 2011. The AG was granted intervention on December 30, 2008.

Pursuant to the Commission's procedural order, the AG and the Commission's staff ("Staff") filed extensive data requests on Atmos regarding the requested modifications to the DSM program. Atmos responded fully to the data requests of both the AG and Staff. No complaint was made by the AG or Staff concerning Atmos' responses to its data requests.

On March 30, 2009, the AG filed his written comments to which Atmos filed its response on April 10, 2009.

Based upon the discovery requests of the AG and Staff and Atmos' responses thereto, as well as the written comments of the AG and Atmos, the Commission entered

its order in this proceeding on September 2, 2009. On September 21, 2009, the AG filed its application for rehearing.

ARGUMENT

The AG's application for rehearing should be denied because it raises no new arguments or issues concerning the merits of the requested modifications to Atmos' DSM program. The AG's application essentially rehashes and restates the arguments previously made by the AG in its written comments filed on March 30, 2009. The Commission has previously considered those issues and arguments and nothing new has been raised to suggest that those issues or arguments should be revisited.

Additionally, the AG's application for rehearing contains statements which need to be clarified. First, on page 5, the AG states that Atmos is proposing to increase the program budget for low-income weatherization from \$200,000.00 per year to \$300,000.00 per year. As noted in Atmos's previously filed Request for Clarification, it was not Atmos' intent to propose a maximum allowable amount for weatherization each year. The \$300,000.00 was simply an estimate based on a projection that there would be 100 qualifying customers at \$3,000.00 per customer. This was an estimate only.

The AG also complains about the methodology utilized by Atmos in performing the California Test. The methodology used by Atmos in connection with the California Test is the same methodology previously approved by the Commission. In Re: Delta Natural Gas Case No. 2008-00062. Atmos is unaware of the AG having raised any issue or objection with the methodology used in that case.

Lastly, on page 9 of its application, the AG states that the projected administrative costs for the education component of the DSM program is \$12,900.00 or approximately

65% of the \$20,000.00 budgeted for this component. The \$12,900.00 overhead projection is for the entire DSM program not just the education component.

Atmos has worked closely with its collaborative board to develop the modifications to the DSM program which were approved by the Commission in its September 2, 2009 order. These programs are designed to provide meaningful energy savings assistance to as many qualifying households as possible. The AG's office has been an active member and participant on the collaborative board. The AG has provided valuable input to the collaborative board for which the company is appreciative. Atmos must, however, respectfully disagree with the AG's request for a rehearing.

Atmos accordingly requests the Commission to deny the AG's application for rehearing. Atmos further requests the Commission to clarify that there is no maximum amount of weatherization assistance available each year under Atmos' DSM program as modified and extended.

Respectively submitted this 7 day of October, 2009.

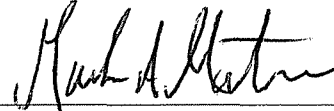


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VERIFICATION

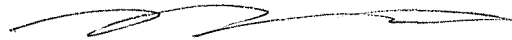
I, Mark A. Martin, being duly sworn under oath state that I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Midstates Division, and that the statements contained in the foregoing Petition are true as I verily believe.



Mark A. Martin

CERTIFICATE OF SERVICE

I hereby certify that on the 7 day of October, 2009, the original of this Response, together with eleven (11) copies, were filed with the Kentucky Public Service Commission, 211 Sower Blvd, P.O. Box 615, Frankfort, Kentucky 40206 and upon Dennis Howard, Office of AG, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.



Mark R. Hutchinson