

AUG 20 2010

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF NATURAL GAS)
RETAIL COMPETITION PROGRAMS)

CASE NO.2010-00146

**INTERSTATE GAS SUPPLY, INC.'S, SOUTHSTAR ENERGY SERVICES, LLC'S AND
VECTREN SOURCE'S SECOND REQUESTS FOR INFORMATION TO ATMOS
ENERGY CORPORATION**

Comes now Interstate Gas Supply, Inc., Southstar Energy Services, LLC and Vectren Source, and hereby propound the following second requests for information upon Atmos Energy Corporation ("Atmos") to be answered by those officers, employees or agents of Atmos as may be cognizant of the requested information and who are authorized to answer on behalf of Atmos. These requests are propounded on a continuing basis so as to require you to submit supplemental answers and/or documents should additional information become known that would have been includable in your answers and document production had they been known or available, or should information and/or documents supplied in the answers or production prove to be incorrect or incomplete.

Additional Instructions

A. Each request for information shall be accorded a separate answer on a separate piece of paper, and each subpart thereof shall be accorded a separate answer. Each request or subpart thereof shall be specifically admitted or denied, and information inquiries or subparts thereof should not be combined for the purpose of supplying a common answer.

B. Restate the information inquiry immediately preceding each response.

C. Identify the name, title, and business address of each person(s) providing each response and provide the data on which the response was created.

D. In answering these requests, utilize all information and documents that are available to you, including information in the possession of any of your agents, employees or attorneys, or otherwise subject to your custody or control.

E. If you object to any part of a request, answer all parts of such requests to which you do not object, and as to each part to which you do object, separately set forth the specific basis for the objection.

F. If you claim any form of privilege or other protection from disclosure as a ground for withholding information responsive to a request, please explain your claim with sufficient specificity to permit us to make a full determination as to whether your claim is valid.

G. In each instance, the request shall be construed so as to require the most inclusive answer or production.

H. Please attach written material to any answer for which written material is requested and/or available. If such written material is not available, state where it may be obtained. Please label the written material with the number of the request to which it pertains.

I. Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Definitions

As used in these Requests for Information, the following terms have the meaning as set forth below:

1. "You" or "your" means Atmos or the witness, as the context requires.

2. "List", "describe", "explain", "specify" or "state" shall mean to set forth fully, in detail, and unambiguously each and every fact of which Atmos or its officers, employees, agents or representatives, have knowledge which is relevant to the answer called for by the request.

3. The terms "document" or "documents" as used herein shall have the same meaning and scope as in Rule 34 of the Kentucky Rules of Civil Procedure and shall include, without limitation, any writings and documentary material of any kind whatsoever, both originals and copies (regardless of origin and whether or not including additional writing thereon or attached thereto), and any and all drafts, preliminary versions, alterations, modifications, revisions, changes and written comments of and concerning such material, including but not limited to: correspondence, letters, memoranda, notes, reports, directions, studies, investigations, questionnaires and surveys, inspections, permits, citizen complaints, papers, files, books, manuals, instructions, records, pamphlets, forms, contracts, contract amendments or supplements, contract offers, tenders, acceptances, counteroffers or negotiating agreements, notices, confirmations, telegrams, communications sent or received, print-outs, diary entries, calendars, tables, compilations, tabulations, charts, graphs, maps, recommendations, ledgers, accounts, worksheets, photographs, tape recordings, movie pictures, videotapes, transcripts, logs, work papers, minutes, summaries, notations and records of any sort (printed, recorded or otherwise) of any oral communication whether sent or received or neither, and other written records or recordings, in whatever form, stored or contained in or on whatever medium including computerized or digital memory or magnetic media that:

- (a) are now or were formerly in your possession, custody or control; or
- (b) are known or believed to be responsive to these requests, regardless of who has or formerly had custody, possession or control.

4. The terms "identify" and "identity" when used with respect to an entity mean to state its full name and the address of its principal place of business.

5. The term to "state the basis" for an allegation, contention, conclusion, position or answer means (a) to identify and specify the sources therefore, and (b) to identify and specify all facts on which you rely or intend to rely in support of the allegation, contention, conclusion, position or answer, and (c) to set forth and explain the nature and application to the relevant facts of all pertinent legal theories upon which you rely for your knowledge, information and/or belief that there are good grounds to support such allegation, contention, conclusion, position or answer.

6. The terms "and" and "or" have both conjunctive and disjunctive meanings as necessary to bring within the scope of the request any information or documents that might otherwise be construed to be outside their scope; "all" and "any" mean both "each" and "every."

7. The terms "relates to" or "relating to" mean referring to, concerning, responding to, containing, regarding, discussing, describing, reflecting, analyzing, constituting, disclosing, embodying, defining, stating, explaining, summarizing, or in any way pertaining to.

8. The term "including" means "including, but not limited to."

Respectfully submitted,

HURT, CROSBIE & MAY PLLC



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VECTREN SOURCE

CERTIFICATE OF SERVICE AND FILING

Comes Interstate Gas Supply, Inc. (“IGS”), SouthStar Energy Services, LLC (“SouthStar”) and Vectren Retail, LLC d/b/a Vectren Source (“Vectren”), individually, and hereinafter, collectively, by counsel, and hereby certifies that an original and twelve (12) copies of the second data requests to Atmos were served via hand-delivery upon Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615; furthermore, it was served by mailing a copy by first class U.S. Mail, postage prepaid, on the following, on this 20th day of August, 2010.

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GENERAL REQUESTS TO WITNESS MARK A. MARTIN

1. Please refer to p. 11 line 28 of your testimony, where you indicate that, “[s]chool tax revenues may also be negatively impacted by retail choice programs.”
 - a. Please identify whether or not you are a tax professional, accounting professional or attorney?
 - b. If the answer to question (a) is in the affirmative for any one of the categories, is your statement your professional or legal conclusion?
 - c. If the answer question (a) is negative, upon what authority do you base your position?
 - d. Likewise, please refer to Columbia Gas Witness Judy Cooper’s data request response no. 5 to the Commission Staff wherein she indicated, “[t]here have not been any negative impacts on franchise and school tax revenues as a result of the Choice Program.” Does Witness Martin agree with Witness Cooper that a properly structured purchase of receivables (POR) such as the program currently in place by the Columbia Choice Program would alleviate any potential concern of school or franchise tax revenues being negatively impacted by a Choice program?

2. Atmos Energy Marketing recently entered a contract with the city of Hamilton Ohio supplying the residents of Hamilton Ohio with natural gas. Please refer to the business courier of Cincinnati from July 14, 2010 “Hamilton inks new natural gas contract” (attached and incorporated hereto as Exhibit “1”). Please explain and reconcile Atmos’ KMD’s divisional leadership’s view or position in this proceeding toward retail gas marketing with the fact that Atmos Energy Marketing engages in retail gas marketing in other utility markets including municipal markets supplying gas to residential customers.
 - a. Other than the current lack of a Choice program and numerical differences in customers within territories in the Atmos’ Kentucky territory compared to territories in which Atmos Energy Marketing operates please explain what differences exist between territories that support Atmos’ position that a Choice program should not be implemented in Kentucky.

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- b. Does Atmos Energy Marketing operate anywhere within the Commonwealth of Kentucky? If so, has Atmos Energy Marketing had any impact on school or franchise tax revenues within the Commonwealth of Kentucky?
3. Please refer to Atmos response to IGS/SouthStar/Vectren Source's first data request number 3(a), wherein Atmos indicates that it determined its position regarding customer retail choice based upon EIA information and the Company's knowledge of choice programs in Georgia, Illinois and Kentucky. In light of Atmos' opinion regarding expansion of choice retail marketing please explain Atmos Energy Corporation's decision to form Atmos Energy Marketing?
4. Given the existence of Atmos natural gas retail supplier affiliate does Atmos agree that natural gas marketers can provide benefits to customers through alternative pricing plans and other services?
 - a. If no, why does Atmos have a natural gas retail supplier affiliate?

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Business Courier of Cincinnati - July 14, 2010
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BUSINESS COURIER

Wednesday, July 14, 2010 | Modified: Thursday, July 15, 2010

Hamilton inks new natural gas contract

Business Courier of Cincinnati

The city of Hamilton secured a new two-year contract with **ATMOS Energy Marketing** for natural gas purchases that is expected to provide estimated savings around \$1 million and reduce rates for residents, according to a news release.

The city has owned and operated its natural gas utility since 1890 and currently serves more than 23,000 customers, making it the largest municipal gas distribution operation in Ohio. However, since the city does not own its own natural gas reserves or storage facilities, it contracted with ATMOS in 2005, who purchases and delivers natural gas, according to the release.

"It is expected to save about a half a million dollars a year in the cost of getting gas delivered to the city and that money will be directly returned to the consumers through lower rates in the form of a reduction in the gas

cost recovery mechanism, when it goes into effect in November of this year," said Charles Young, deputy city manager.

The city's gas system as well as its customers will benefit from the significant savings that the contract will provide. The contract "will provide access to local gas supplies, through the Lebanon, Ohio Hub, including supply from the Rockies, the Marcellus Shale region in the East and the traditional Gulf/on-shore supply areas," according to a news release.

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