

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS ENERGY	)	
CORPORATION, THROUGH ITS DIVISION,	)	
WESTERN KENTUCKY GAS COMPANY OF	)	CASE NO. 2000-436
OWENSBORO, KENTUCKY, FOR AN ORDER	)	
AUTHORIZING THE ISSUANCE OF UP TO	)	
1,655,740 SHARES OF COMMON STOCK	)	

FIRST DATA REQUEST OF COMMISSION STAFF  
TO WESTERN KENTUCKY GAS COMPANY

Western Kentucky Gas Company ("Western"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this request. Each copy of the data requested should be placed in a bound volume with each item tabbed. 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 herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Explain the objectives of Atmos Energy Corporation (“Atmos”) with regard to the optimum capital structure and how the stock issue will help to achieve the debt to equity ratios Atmos desires to attain.
2. Provide the book value per share of Atmos stock before the transaction and the estimated value per share after the transaction. Include an analysis of Atmos’s average weekly stock price for the 12 months ending June 30, 2000.
3. Explain how the investment in Woodward Marketing LLC (“Woodward”) is carried on the books of Atmos and provide the amount of investment on the books of Atmos as of June 30, 2000.
4. Explain how Atmos will record the purchase of the 55 percent share of Woodward. Include in the explanation the journal entries that will be used to record the purchase, and explain how the purchase will affect the balance sheet of Atmos. Include in the journal entries the estimated value of the stock being issued. Also, explain whether the asset will be recorded based on the original cost or the fair market value, and whether there is any positive or negative goodwill associated with the purchase.
5. Provide the current value per share and the number of shares included in Atmos Energy Marketing, LLC’s (“Energy”) 45 percent interest in Woodward.
6. Provide an explanation of what Atmos perceives is the likelihood of Atmos having to issue the additional shares of its stock to Woodward Marketing, Inc. if its stock falls below \$25 for 30 continuous days.
7. Provide an explanation of any additional risks that Atmos may encounter as the full owner of Woodward that it did not encounter as the 45 percent owner.

Explain how investors view investments by utilities in marketing affiliates and how the investment may affect the cost of capital to Atmos.

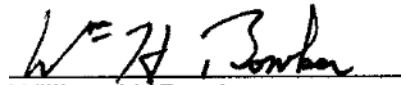
8. Explain how Western could be affected if the merged company of Energy and Woodward were to experience net losses or cease to do business.

9. Does Western or Atmos buy gas from Woodward?

a. If yes, explain the terms and conditions of the current purchased gas agreement.

b. If the agreement will be affected by the purchase of Woodward, explain.

10. Does this transaction require Securities and Exchange Commission ("SEC") approval? If yes, when will this approval be sought? Provide a copy of the filing that will be made with the SEC.

  
William H. Bowker  
Deputy Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED October 19, 2000

cc: All Parties