COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS ENERGY CORPORATION FOR AN ORDER EXTENDING THE MARGIN LOSS RECOVERY MECHANISM FOR THREE (3) ADDITIONAL YEARS	))))	CASE NO. 2003-00305

INITIAL DATA REQUEST OF COMMISSION STAFF
TO ATMOS ENERGY CORPORATION

Atmos Energy Corporation (Atmos), pursuant to 807 KAR 5:001, is requested 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 within 14 days from 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.

1. Refer to Paragraph No. 5 of Atmos s application, which indicates that Atmos currently has 20 special contracts, each posing a viable bypass threat. The paragraph also indicates that no contracts came up for renewal or renegotiation during the 3-year pilot of the Margin Loss Recovery mechanism (MLR).

a. For each of the years 2000 through 2002, provide the total revenue received from these customers, excluding gas cost recovery revenue.

b. For each of the next 3 years, provide the number of contracts scheduled to come up for renewal or renegotiation. Provide, for each group/year of contracts, the average annual revenue received during the period 2000 through 2002.

2. For each of the years 2000 through 2002, provide the following:

a. Atmos s net operating income, year-end net utility plant and year-end total capitalization. Explain any significant changes in plant or capitalization levels.

b. Atmos s net income and return on equity based on its year-end capitalization and a hypothetical capital structure containing 50 percent equity and 50 percent debt.

3. As structured, the MLR permits Atmos to recover one-half of distribution charge losses from its customers, as described in Paragraph 3 of the application, irrespective of its earnings level. Explain why Atmos believes it is reasonable to charge half of these losses to its customers even if its overall earnings are healthy.

4. Explain whether Atmos is familiar with the Earnings Sharing Mechanism (ESM) that the Commission has authorized for Louisville Gas and Electric Company s (LG&E) and Kentucky Utilities Company s (KU) electric operations.

a. The ESM allows LG&E and KU to recover from customers a portion of any earnings shortfall as compared to a pre-established return on equity based on the return allowed in their most recent rate cases. Explain whether Atmos would object, conceptually, to including a similar provision in the MLR tariff. Explain any objections in detail.

b. The LG&E and KU ESM also requires them to remit to customers a portion of any excess earnings as compared to a pre-established return on equity based on the return allowed in their most recent rate cases. Explain whether Atmos would object, conceptually, to including a similar provision in the MLR tariff. Explain any objections in detail.

Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
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DATED October 8, 2003

cc: All Parties