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**PUBLIC SERVICE
COMMISSION**

March 13, 2009

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Case No. 2008-00499

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original and eight (8) copies of the Company's responses to the initial data requests of the Commission Staff in the above referenced case.

Please contact myself at 270.685.8024 if the Commission or Staff has any questions regarding this matter.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Martin".

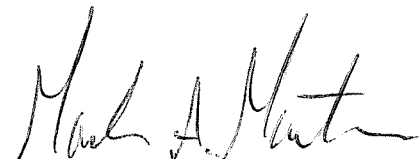
Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosures

cc: Collaborative Board Members
Mr. Mark R. Hutchinson
Mr. Mike Ellis

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/Mid-States Division, and that the statements contained in the Company's responses are true as I verily believe.



Mark A. Martin

SUBSCRIBED AND SWORN TO before me, a notary public in and for the Commonwealth of Kentucky, by Mark A. Martin, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, Kentucky/Mid-States Division, on this 13th day of March 2009.



Notary Public

Expiration date 11/15/2011

Atmos Energy Corporation
KPSC Initial Data Request Dated March 2, 2009
Case No. 2008-00499
Witness: Mark Martin

1. Refer to Application, page 2 of 4, number 8, discussion of weatherization component of DSM program.
 - a. State how many customers received weatherization funds during the past 12 months of the program.

RESPONSE: For calendar year 2008, seventy-three (73) customers received weatherization funds. Please note that, on average, one hundred twenty-four (124) customers received funds during calendar years 2000 through 2007.

- b. State how many customer requests for weatherization services had to be rejected due to lack of available funds during the past 12 months of the program.

RESPONSE: Applications are initially received and processed by the various local help agencies. The Company has requested this information from the Kentucky Association of Community Action, but unfortunately the information has not yet been provided. When the information is received, the Company will supplement this response.

- c. State the total number of qualifying customers currently in Atmos's service area.

RESPONSE: During calendar year 2008, the Company had over 5,700 customers that participated in the Share the Warmth program. However, participation in this program is voluntary and does not represent the total number of qualifying households. Based on 2007 census data, seventeen percent (17%) of Kentuckians are at or below the poverty line. Based on that premise, the Company would have approximately 29,000 customers that are at or below the poverty line. Please note that prior to the American Recovery and Reinvestment Act of 2009 (ARRA), qualifying households were based on 150% of the poverty level. Due to the ARRA, the new benchmark will be 200% of the poverty level.

- d. Explain how Atmos determined that an increase from \$1,500 per household to \$3,000 is appropriate.

RESPONSE: The Company used a couple of factors in determining that the \$3,000 was appropriate. The first factor was the rate of inflation. Using the inflation calculator on the Bureau of Labor website, the rate of inflation from calendar year 2000 to 2009 was approximately 23%. The second factor was a general principle of trying to assure that the level of assistance was sufficient for those customers that are less fortunate.

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2. Refer to Section 1, page 10, of the application.
 - a. Provide workpapers and calculations used to justify the proposed 15 percent incentive the Company plans to recover on the net resource savings of the program participants.

RESPONSE: The Company made no independent calculations. The Company utilized the same percentage that the Commission had approved in at least three other DSM programs, Louisville Gas & Electric, Duke Energy and Delta.

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3. Refer to Pages 7 and 9 of Atmos's Application, Exhibit 1. Atmos states that it plans to utilize a third-party vendor, Energy Federation, Inc. ("EFI"), for its proposed rebate disbursements.

a. Explain whether EFI is affiliated with Atmos.

RESPONSE: EFI is not affiliated with Atmos in anyway.

b. Explain whether an RFP was issued for a vendor.

RESPONSE: The Company did not issue a RFP for a vendor. The Company has been using EFI as its third-party administrator for a similar program the Company offers in Missouri. The Company learned of EFI through another utility in Missouri who had been using EFI for its energy efficiency programs for a number of years. Based on that recommendation and the Company's experience with them, no RFP was considered to be needed. The Company did request and receive a detailed proposal from EFI and exercised due diligence in determining the costs and fees proposed by EFI to be reasonable.

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4. Refer to Section 2, page 5, of the application, EFI Budget Estimates for Administration of Kentucky DSM Furnace Rebate Program.
 - a. Provide any workpapers and calculations used to support the Processing fee of \$9.00 and the Cost of Money Charge of 1 percent.

RESPONSE: The Company made no independent calculations. These fees are the actual charges quoted in the proposal received from EFI and are identical to the fees the Company pays for its program in Missouri, noting that these fees – processing fee and the cost of money – have remained the same since the start of that program over three years ago.

- b. Explain what is meant by Reservation Fee and provide supporting information to justify the \$4.00 per unit cost.

RESPONSE: The reservation fee was originally included in the budget in a “highest possible cost” scenario. This fee is a standard offer in EFI’s proposals and exists if the client (in this case, the Company) should require that EFI seek pre-approval on each and every rebate prior to processing. The Company chose not to do that in Missouri and does not intend it in this program proposal either. Thus, the reservation fee of \$4.00 (or \$9,200 annually based on 2,300 participants) can be removed from the annual budget for this program proposal.

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5. Refer to paragraph 10 of the Application. Atmos proposes an education program wherein it plans to target fourth or fifth graders. Explain how Atmos determined that this age group was an appropriate target group for its planned education program.

RESPONSE: The Company's proposed education program is identical to the Company's education program in Missouri. The intent is to educate the students concerning the importance of energy conservation, and to introduce ways to reduce their family's energy consumption through various low or no-cost efficiency measures. Through developing our initial educational program in Missouri, it was determined that fourth and fifth grades students were the most appropriate target audience. When the Company initially began that program, third graders were included but it was found that those students did not retain the information well, but the fourth & fifth graders did. Most fourth and fifth graders were excited about taking the DVD home and showing their parents how much they knew about energy conservation. This aspect has been found to be the most effective. Many of the items on the video require adult participation. The students were able to learn and retain the conservation tips while also reminding their parents to do the same. Also, there seems to be a good balance at this age of parental involvement (as opposed to say a teenager) as well as excitement about making a difference in their home, i.e. reminding their parents to turn down the thermostat when they leave the house for the day.

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6. State whether Atmos met with its DSM Collaborative regarding the proposed continuation and amendment of its DSM program. If so, provide the minutes of that meeting. If not, explain why Atmos did not consult with its DSM Collaborative.

RESPONSE: Yes, the Company met with its DSM Collaborative Board on two occasions. Attached are the minutes from those meetings.