Atmos energy

RECEIVED

JUL 29 2010

PUBLIC SERVICE
COMMISSION

July 28, 2010

Honorable Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Subject: Case No. 2010-00146

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original and ten copies of the Company's responses to the Initial Data Requests of Stand Energy Corporation in the above referenced case.

Please feel free to contact me at 270.685.8024 if you have any questions and/or need any additional information.

Sincerely,

Mark A. Martin

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosure

cc: Service List

Atmos Energy Corporation
3275 Highland Pointe Drive, Owensboro, KY 42303-2114
P 270-685-8000 **F** 270-685-8052 atmosenergy.com

Rocco D'Ascenzo
Duke Energy KY
P O Box 960
Cincinnati OH 45201

Lonnie Bellar
Louisville Gas & Electric Co.
P O Box 32010
Louisville KY 40202

Honorable Dennis G Howard
Office of the AG
1024 Capital Center Dr Suite 200
Frankfort KY 40601-8204

John B Brown
Delta Natural Gas Co
3617 Lexington Rd
Winchester KY 40391

Judy Cooper
Columbia Gas of KY
P O Box 14241
Lexington KY 40512-4241

John M Dosker, Esq.
Stand Energy Corporation
1077 Celestial St., Bldg 3 Ste 110
Cincinnati OH 45202-1629

Brooke E Leslie, Esq.
Columbia Gas of Kentucky
P O Box 117
Columbus OH 43216-0117

Iris G. Skidmore, Esq.
415 W Main St Ste #2
Frankfort KY 40601

Trevor L Earl
Reed Weitkamp Schell & Vice
500 W Jefferson St #2400
Louisville KY 40202-2812

Michael T Griffith, Esq.
ProLiance
111 Monument Circle Ste #2200
Indianapolis IN 46204

Lisa Kilkelly, Esq.
Legal Aid Society
416 W Muhammad Ali Blvd Ste 300
Louisville KY 40202

Matthew R Malone, Esq.
Hurt, Crosbie & May
The Equus Bldg.
127 W Main St
Lexington KY 40507

John B Park, Esq.
Katherine K. Yunker, Esq.
P O Box 21784
Lexington KY 40522-1784

Randy Hutchinson
611 Frederica St
Owensboro KY 42301

Jeff Derouen
Kentucky Public Service Commission
P O Box 615
Frankfort KY 40601

Atmos Energy Corporation
Stand Energy's Initial Data Request Dated July 15, 2010
Case No. 2010-00146
Witness: Mark A. Martin

1.1 With regard to your transportation tariffs, please answer the following:

a. Does it cost you more to deliver third party or supplier natural gas to a customer compared to the cost to deliver natural gas to a sales customer of the same size? If so, explain why in detail.

RESPONSE: The Company does not believe that there is any delivery cost difference in transporting gas for transportation customers versus sales customers.

b. Discuss whether you believe daily balancing or monthly balancing should be required of transportation customers and explain why, in detail.

RESPONSE: The Company believes that both daily and monthly balancing would be appropriate for all transportation customers. The Company currently only requires monthly balancing in KY, but has daily balancing in several other states. Balancing is required to prevent end-users from gaming the system and transferring unnecessary costs onto sales customers.

c. Excluding periods of OFO's and OMO's, please identify the financial harm to your firm sales customers that has occurred over the past 12 months because of daily imbalances of transportation customers.

RESPONSE: The Company uses its no-notice storage to keep its system balanced every day. In general terms, to the extent transportation customers' actual usage varies significantly from their nominated usage, their swing into and out of our storage is problematic for forecasting system requirements and keeping our storage levels on plan. For pipelines that charge injection and withdrawal fees as well as fuel on storage, this can have a financial impact. The fees charged to transportation customers for imbalances are intended to cover these incremental expenses.

d. During the past 12 months, please identify each day when transportation customers' deliveries provided a financial credit or system benefit to firm sales customers?

RESPONSE: The Company objects to this question on the grounds the information requested is not maintained by the Company as part of its normal operations and to assimilate the information would be unduly burdensome.

e. If you believe that larger transportation consumers should be subject to daily balancing and smaller transportation consumers subject to monthly balancing, explain how you determine the amount of daily or monthly usage that requires daily or monthly balancing and explain.

RESPONSE: Please refer to the Company's tariff in regards to balancing guidelines. The Company currently only has monthly balancing.

f. If there are charges for imbalances or penalties for imbalances describe and explain the reasoning for the penalties and describe the allocation of the generated imbalance penalty dollars.

RESPONSE: Please refer to the Company's response to 1.1e. All imbalances are credited to gas cost and flow through the GCA mechanism to benefit firm sales customers.

g. Identify any operational events that have occurred that caused you to determine that daily or monthly balancing is necessary. Provide sufficient event details to justify a decision based thereon.

RESPONSE: The Company's balancing provisions have been designed and modified to adapt to changing market conditions. The Company implemented balancing provisions to prevent system manipulation by large end users and/or their respective agent. The Company does not keep a log of operational events that may have triggered the design and/or modification of existing tariff language.

h. Discuss whether or not you believe that supplier "pooling" should be allowed by Kentucky natural gas utilities to allow suppliers to pool deliveries for balancing and penalty avoidance purposes. If not, explain in detail why not.

RESPONSE: The Company offers a pooling service. Please refer to pages 67.1 and 67.2 of the Company's tariff. The Company cannot speak for any other utility company in regards to this topic. Each utility is unique in nature and what may work for one utility many not work for all utilities.

i. Discuss the necessity for each penalty set forth in your transportation tariffs and the reasons underlying each of the penalty amounts.

RESPONSE: Any penalty outlined in the Company's transportation tariffs is designed to prevent system abuse as well as to prevent one class of customers subsidizing another. All tariffs rates have been approved by the Kentucky Public Service Commission prior to implementation.

j. Identify and briefly explain the allocation of the generated penalty dollars.

RESPONSE: All imbalances are credited to gas cost and flow through the GCA mechanism to benefit firm sales customers.

1.2 With regard to your operations pursuant to currently approved PSC tariffs, please respond to the following:

a. For the period covering the past 24 months, identify the dates and duration of all operational flow orders, operational matching orders or other flow orders imposed by you.

RESPONSE: In the past 24 months for the Company's Kentucky service area, the Company has not issued or imposed any flow orders. The Company has merely informed customers (as a courtesy) of pipeline imposed OFOs and imbalance warnings.

b. For all flow orders identified in (a) above, list the reason the flow order was imposed.

RESPONSE: Not applicable.

1.3 With regard to your operations pursuant to currently approved tariffs, please respond to the following:

a. For the past 24 months, have you waived any requirement set forth in PSC-approved tariffs for any Supplier? If so, identify any such waiver and the Supplier that received the waiver.

RESPONSE: The Company does not grant any customer, supplier and/or agent any preferential treatment. The Company attempts to treat all customers, suppliers and/or agents the same under similar circumstances. The Company values its relationships with its customers, suppliers and/or agents and attempts to work with them to resolve any issues that may arise. From time to time, the Company may have made exceptions to its tariffs to remedy a situation. The Company does maintain a log of such exceptions; but the Company affirmatively states that such exceptions are rare.

b. For the past 24 months, have you waived any requirement set forth in PSC-approved tariffs for any Affiliate? If yes, identify any such waiver and the Affiliate that received the waiver.

RESPONSE: Please refer to the response to 1.3a.

c. For the past 24 months, have you waived any requirement set forth in PSC-approved tariffs for any consumer? If so, identify any such waiver and the consumer that received the waiver.

RESPONSE: Please refer to the response to 1.3a.

1.4 With respect to the total gas load served by you, please respond to the following:

a. Of the total load served by you, (i) identify the quantity/extent of this load that is served by commodity that you obtain from any affiliate, (ii) Identify each affiliate from whom you obtain the commodity identified in (i) above; and, (ii) for the period covering the past 24 months, identify the quantity/extent of the commodity that you obtained from the Affiliate(s) identified in the (ii) above.

RESPONSE: Any supply arrangements with any vendor are confidential. In addition to the confidential nature of this question, the Company objects to this question since it does not see how any response would be relevant to retail choice programs.

1.5. With regard to your relationship with an unregulated Marketing Affiliate, if any, respond to the following if they are applicable:

a. Identify each agreement and contract document between you and your Marketing Affiliate.

RESPONSE: Object. Please refer to the response to 1.4.

b. Identify any written agreements and contracts that superseded or were successors to the agreement(s) identified in (a) above.

RESPONSE: Object. Please refer to the response to part a.

c. For the years 2008 and 2009, (i) identify the total revenues generated by your Marketing Affiliate under the agreement identified in (a) above, (ii) identify how the revenues identified in (i) are allocated among the recipients of that revenue, (iii) for the revenues identified in (i), categorize and identify the nature of the transaction that generated the revenues, such as, for example, revenues from utilized pipeline capacity transactions, revenues from commodity transactions, revenues from hedges and options, etc.

RESPONSE: Object. Please refer to the response to part a.

1.6. With regard to your relationship with an "Asset Manager", if any, respond to the following if they are applicable:

a. Identify each agreement and contract document between you and your Asset Manager.

RESPONSE: Object. Please refer to the response to 1.4.

b. Identify any written agreements and contracts that superseded or were successors to the agreements(s) identified in (a) above.

RESPONSE: Object. Please refer to the response to part a.

c. For the years 2008 and 2009, (i) identify both the total revenues paid to your Asset Manager and the total revenues received from your Asset Manager under the agreement identified in (a) above, (ii) identify how the revenues identified in (i) are allocated among the recipients(s) of that revenue, (iii) for the revenues identified in (i), categorize and identify the nature of the transaction that generated the revenues, such as, for example, revenues from utilized pipeline capacity transactions, revenues from commodity transactions, revenues from hedges and options, etc.

RESPONSE: Object. Please refer to the response to 1.5c.

1.7. Relative to your pipeline delivery requirements, please respond to the following:

a. During the past 2 years, with regard to the pipeline delivery requirements, have you waived or otherwise altered specific compliance with the requirements for any supplier? If so, identify and fully describe any such waiver and/or alteration, and the supplier.

RESPONSE: The Company is not aware of any failure to deliver by any supplier, nor is it aware of any quality issues.

b. During the past 2 years, and with regard to the pipeline delivery requirements, have you waived or otherwise altered specific compliance with the requirements for any consumer or customer? If so, identify and fully describe any such waiver and/or alteration, and the consumer/customer.

RESPONSE: The Company is not aware of any such circumstances.

c. During the past 2 years, and with regard to the pipeline delivery requirements, have you waived or otherwise altered specific compliance with the requirements for your Gas Marketing Affiliate, if any? If so, identify and fully describe any such waiver and/or alteration, and the Affiliate.

RESPONSE: Same as part a.

1.8. Please respond to the following:

a. Identify any item or document that you intend to or desire to use, refer to, rely on, sponsor, and/or introduce as evidence in the hearing in this matter(s).

RESPONSE: The Company has not determined nor can it predict what items or documents that it may use, refer to, rely on, sponsor, and/or introduce as evidence in the hearing in this matter.

1.9. Please respond to the following:

a. Please provide the number of transportation customers on your Atmos-Kentucky distribution system.

RESPONSE: As of July 1, 2010, the Company had 217 transportation customers on its Kentucky distribution system.

b. How many of the transportation customers described above are supplied commodity by your unregulated Affiliate, Atmos Energy Marketing?

RESPONSE: The Company objects to this question on the grounds of relevancy and the competitively sensitive nature of the information sought.

c. How much of your total natural gas load is produced in Kentucky?

RESPONSE: From June 2009 through May 2010, local production (lp) made up 297,000 Dth, or 1.5% of total purchases. The Company subscribes to as much lp gas as its system can handle. The Company views lp gas as goodwill and keeps Kentucky gas in Kentucky. Current levels of lp gas in the Company's portfolio is de minimis to the Company's total supply portfolio. Unfortunately, there are obstacles to lp gas. The two main obstacles are the quality of the gas and system restrictions.

d. In Mr. Martin's testimony, page 13, lines 11-14, he indicates a volumetric threshold of 9,000 MCF is needed to qualify for transportation and that below that volume a customer could not achieve savings. Should whether or not "a customer can achieve savings" be Atmos' arbitrary decision to make for customers or should customers be able to make that evaluation and decision?

RESPONSE: The Company wants what its customers want, safe, reliable service at the lowest reasonable cost. Please continue on lines 14-22 of referenced testimony which states "While no formal studies have been done, it is somewhat intuitive that there is a point of diminishing returns depending on a customer's usage in which savings can be achieved under transportation service. In addition, there are also up-front costs, such as electronic flow metering (EFM), monthly administration fees and potential cashout obligations which may make transportation service cost prohibitive. The Company also has approximately thirty (30) customers that qualify for transportation service but choose to stay on sales service which further indicates the existing threshold is at an appropriate level."

e. Do you allow your unregulated marketing affiliate to use reserved pipeline capacity (owned by you and paid for by your ratepayers) to deliver gas to the Transportation customers of your unregulated marketing affiliate on the Atmos system? Is the price paid by Atmos Energy Marketing discounted? If so, by how much?

RESPONSE: Object. Please see response to part b.

f. Do you allow your unregulated marketing affiliate to use reserved pipeline capacity (owned by you and paid for by your ratepayers) to deliver gas to the Transportation customers of your unregulated marketing affiliate on any other local distribution system? Is the price paid by Atmos Energy Marketing discounted? If so, by how much?

RESPONSE: Object. Please see response to part b.