



September 2, 2010

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

RECEIVED
SEP 07 2010
PUBLIC SERVICE
COMMISSION

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 Second Data Requests of Interstate Gas Supply, Inc., Southstar Energy Services, LLC and Vectren Source 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,

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

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosure

cc: Service List

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.

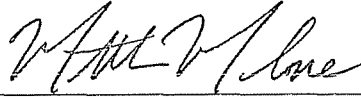
6. The terms "and" and "or" have both conjunctive and disjunctive meanings as necessary to bring within the scope of the request any information or documents that might otherwise be construed to be outside their scope; "all" and "any" mean both "each" and "every."

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



William H. May, III
Matthew R. Malone
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
(859) 254-0000 (office)
(859) 254-4763 (facsimile)

Counsel for,
INTERSTATE GAS SUPPLY, INC.
SOUTHSTAR ENERGY SERVICES, LLC
and
VECTREN RETAIL, LLC D/B/A
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.

Lonnie E Bellar
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40202

John B Brown
Delta Natural Gas Company, Inc.
36 17 Lexington Road
Winchester, KY 40391

Judy Cooper
Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241

Rocco D'Ascenzo, Esq.
Duke Energy Kentucky, Inc.
139 East 4th Street, R.25 At II
P. O. Box 960
Cincinnati, OH 45201

John M Dosker, Esq.
Stand Energy Corporation
1077 Celestial Street
Building 3, Suite 110
Cincinnati, OH 45202-1629

Trevor L. Earl, Esq.
Reed Weitkamp Schell & Vice, PLLC
500 W. Jefferson Street
Suite 2400
Louisville, KY 40202-2812

Thomas J. FitzGerald, Esq.
Counsel & Director
Kentucky Resources Council, Inc.
P.O. Box 1070
Frankfort, KY 40602

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

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

Brooke E Leslie, Esq.
Columbia Gas of Kentucky, Inc.
200 Civic Center Drive
P.O. Box 117
Columbus, OH 43216-0117

Mark Martin
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303

Iris G Skidmore, Esq.
4 15 W. Main Street, Suite 2
Frankfort, Kentucky 4060 1



William H. May, III
Matthew R. Malone
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
(859) 254-0000 (office)
(859) 254-4763 (facsimile)

Counsel for,
INTERSTATE GAS SUPPLY, INC.
SOUTHSTAR ENERGY SERVICES, LLC
and
VECTREN RETAIL, LLC D/B/A
VECTREN SOURCE

Atmos Energy Corporation
IGS, SouthStar and Vectren Source
Second Data Request Dated August 20, 2010
Case No. 2010-00146
Witness: Mark A. Martin

1. Please refer to page 11, line 28 of your testimony where you indicate that, "school 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?

RESPONSE: My educational background is listed on lines 11-12 of page one of my direct testimony. While I have a degree in Accounting, I am not a Certified Public Accountant nor do I have day-to-day accounting responsibilities.

b. If the answer to question (a) is in the affirmative for any one of the categories, is your statement your profession or legal conclusion?

RESPONSE: Not applicable.

c. If the answer to question (a) is negative, upon what authority do you base your position?

RESPONSE: Please refer to the Company's response to Question 7 of the Initial Data Requests of Interstate Gas Supply, Inc., Southstar energy Services, LLC and Vectren Source which stated that school tax revenues are determined as a percentage of the Company's gross revenues. Under a retail choice program, the Company could not assess the school tax on the gas cost portion of gross revenues attributable to choice customers. Therefore, school tax revenues would decrease which would be a negative impact to the respective school systems as a result of retail choice.

d. Likewise, please refer to Columbia Gas Witness Judy Cooper's data request response No. 5 to the Commission Staff wherein she indicated, "there 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?

RESPONSE: No. The Company cannot speak for franchise agreements between Columbia and their respective cities, but the Company's franchise agreements specifically identify the Company's revenues as the driver. Please refer to part c above in regards to potential school tax implications.

Atmos Energy Corporation
IGS, SouthStar and Vectren Source
Second Data Request Dated August 20, 2010
Case No. 2010-00146
Witness: Mark A. Martin

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.

RESPONSE: Please note that Atmos Energy Marketing, LLC (AEM) is not participating in a retail choice program and is the sole supplier of gas for the residents of Hamilton, Ohio. Please refer to the first sentence of the second paragraph of the referenced Exhibit 1 which states that "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". AEM serves several municipal systems in several states, but that does not constitute retail choice. There is a huge flaw in attempting to marry serving a municipal system and participating in retail choice. Please refer to page 10, line 9 through page 12, line 9 for the Company's position on retail choice.

- 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?

RESPONSE: Yes, AEM operates within the Commonwealth of Kentucky. The Company has no knowledge of AEM's impact on school or franchise tax revenues within the Commonwealth of Kentucky. The Company can only assume that there have been no impacts since AEM does not participate in any retail choice programs within the Commonwealth of Kentucky

Atmos Energy Corporation
IGS, SouthStar and Vectren Source
Second Data Request Dated August 20, 2010
Case No. 2010-00146
Witness: Mark A. Martin

3. Please refer to Atmos response to IGA/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 explosion of choice retail marketing, please explain Atmos Energy Corporation's decision to form Atmos Energy Marketing?

RESPONSE: Objection. The question seeks information that is irrelevant to this docket. Please note that the Company did not form AEM. AEM was originally named Woodward Marketing, LLC (Woodward) and was formed by Mr. JD Woodward. The Company inherited a portion of Woodward when it merged with United Cities Gas Company. The Company eventually purchased 100% ownership in Woodward and renamed it Atmos Energy Marketing, LLC. According to www.atmosenergymarketing.com, AEM is a full-service natural gas marketing company providing supply and asset management services to utilities, industrial facilities, power plants and gas producers. As stated previously, AEM does not participate in retail choice programs.

Atmos Energy Corporation
IGS, SouthStar and Vectren Source
Second Data Request Dated August 20, 2010
Case No. 2010-00146
Witness: Mark A. Martin

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?

RESPONSE: The Company believes that marketing companies are able to offer tangible benefits to our transportation customers through alternative pricing plans and other services. As for the residential and smaller commercial customers, the Company believes that the most overwhelming benefit is price and the Company does not believe that long-term savings can be achieved with retail choice programs. Please note that local natural gas companies can offer the same plans and services as marketers and at least Columbia has proposed those options before this Commission. Please refer to the response to Question 3 above in regards to AEM.