

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**IN RE:**

**ATMOS ENERGY CORPORATION  
ACTUAL COST ADJUSTMENT  
("ACA") AUDIT**

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**Docket No. 05-00253**

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**ATMOS ENERGY CORPORATION'S REQUEST FOR A TECHNICAL WORKSHOP**

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Atmos Energy Corporation ("AEC" or "Company"), by and through its undersigned counsel, hereby respectfully requests the Tennessee Regulatory Authority ("Authority" or "TRA") to host and permit a technical workshop in this matter, TRA Docket No. 05-00253. For its cause, AEC submits the following in support of its request.

**I. RELEVANT BACKGROUND**

In the Audit Report, Audit Staff made several recommendations concerning the Authority's oversight of the asset management agreement between the Company and its unregulated affiliate, Atmos Energy Marketing, LLC ("AEM"). Among other things, the presiding Panel directed the Company and Audit Staff to meet and attempt to resolve the outstanding issues related to the afore-referenced asset management agreement.<sup>1</sup> The Panel

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<sup>1</sup> *Agenda Conference Transcript*, pp. 2-3 (Excerpt Version), TRA Docket No. 05-00253 (May, 15, 2006).

determined that if an agreement could not be reached between Audit Staff and the Company, then the Panel would thereafter consider whether to convene a contested case.<sup>2</sup>

The Authority's approach, to provide the Company with the opportunity to resolve outstanding issues with Audit Staff, is not novel.<sup>3</sup> In fact, it is consistent with and mirrors the agency's treatment of both Nashville Gas Company and Chattanooga Gas Company in substantially similar circumstances. TRA records reveal that Nashville Gas Company and Chattanooga Gas Company have been afforded the opportunity to resolve the same asset management issues with Audit Staff.<sup>4</sup> Due to the issues pending in TRA Docket No. 05-00258, the Company has not been permitted the opportunity to attempt to resolve asset management issues with Audit Staff.

## II. DISCUSSION AND RATIONALE

TRA Staff has opined that "[t]he natural gas market has become very complicated and sophisticated in recent years."<sup>5</sup> Further, the record in TRA Docket No. 05-00253 reveals that there appear to be some fundamental misunderstandings of, or miscommunications with respect to, the asset management agreement between the Company and AEM (the "Agreement"). As

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<sup>2</sup> *Id.* at p. 3, ll. 15-17.

<sup>3</sup> See Atmos Energy Corporation's Request for Implementation of the Order of the Authority, *In Re: Atmos Energy Corporation Actual Cost Adjustment ("ACA") Audit*, TRA Docket No. 05-00253, p. 6 (Sept. 29, 2006) ("When similar issues have been raised by commission staff in other jurisdictions, [AEC] has been able to address staff concerns[.]").

<sup>4</sup> See *id.* at pp. 4-5.

<sup>5</sup> Notice of Filing by the Utilities Division of the Tennessee Regulatory Authority, *In Re: Chattanooga Gas Company Actual Cost Adjustment Audit and Performance-Based Ratemaking Tariff*, TRA Docket Nos. 04-00402 and 04-00403, (Sept. 9, 2005) (Audit Staff recommending that the agency retain an independent consultant to, among other things, review the asset management issues.). See also, e.g., Notice of Filing by Utilities Division of the Tennessee Regulatory Authority, *In Re: Nashville Gas Company, a Division of Piedmont Natural Gas Company, Incentive Plan Account (IPA) Audit*, TRA Docket No. 04-00290, p. 12 (Mar. 4, 2005) ("Staff maintains that it does not have the expertise regarding the wholesale gas market changes taking place, especially in the unregulated arena.").

TRA Staff has recognized, it would serve the public interest for the agency to provide an opportunity for Audit Staff to obtain a more detailed understanding of the Agreement than has been gleaned through the ACA audit process.

Like Nashville Gas Company and Chattanooga Gas Company, AEC would like the opportunity to discuss the outstanding asset management issues with Audit Staff alone. Nonetheless, given the objection to the same of the Consumer Advocate and Protection Division (“CAPD”) and the Intervention Group, AEC proposes a compromise - that, with some reasonable ground rules, a technical workshop be held.

### **III. PROPOSED WORKSHOP**

The Authority has a long history of conducting workshops on various issues under its jurisdiction, both in contested cases and in non-contested matters. The purpose of the proposed workshop is not to supplant a “contested case” on the asset management issues pending before the Authority.<sup>6</sup> Rather, the primary and intertwined purposes of the workshop are to serve the public interest by providing a forum in which Audit Staff may gain a deeper understanding of the asset management process in a complex natural gas environment and to permit Audit Staff and the Company, consistent with agency rules and state law, the mere opportunity to dialogue on the outstanding issues related to the Agreement.

AEC submits that the proposed workshop should be conducted in a manner, and under a format, designed to permit open, candid and constructive dialogue.<sup>7</sup> Otherwise, the primary

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<sup>6</sup> With the foregoing in mind, the Workshop is not intended to serve as a substitute for either discovery or cross-examination.

<sup>7</sup> Hence, the Workshop is not the proper forum to engage in the dissemination of trade secrets or commercially sensitive information.

purposes of the workshop would likely be severely compromised, if not lost completely. With the foregoing firmly in mind, the Company proposes the following format:

1. The Workshop would be held at the Tennessee Regulatory Authority.
2. CAPD, Chattanooga Gas Company, the Intervention Group, AEC and AEM would each be afforded the opportunity to be present at all times during the Workshop, unless the foregoing parties unanimously agree otherwise.
3. The Workshop would entail a presentation by the Company of asset management in general and a presentation regarding the Agreement in particular, as both are inextricably intertwined.
4. Authority Staff may submit written questions to the Company prior to the Workshop, as long as such questions are filed in TRA Docket No. 05-00253 and served upon all parties of record in TRA Docket No. 05-00258.
5. Primarily, questions raised “live” at the Workshop would be submitted by Authority Staff.
6. Given the purposes of the Workshop, the general concept is to have Authority Staff and subject matter experts (i.e. non-lawyers) as participants (“around the table”). The attorneys for the parties would not be direct (“around the table”) participants, though they would be permitted to attend. Under the circumstances, presenters and those responding to inquiries may find it necessary to briefly consult with legal counsel from time to time.
7. Consistent with both the letter and the spirit of the ruling of the Hearing Officer in TRA Docket No. 05-00258,<sup>8</sup> no entity that competes with AEM, nor anyone employed, directly or indirectly by, or substantively associated with, such a competing entity, would be permitted to attend the Workshop.

#### IV. CONCLUSION

For the foregoing reasons, and for good cause shown, AEC respectfully asks that the Authority permit AEC and TRA Staff to participate in a technical workshop, with the CAPD, the

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<sup>8</sup> Order Resolving Discovery and Protective Order Disputes and Requiring Filings, *In Re: Petition of the Consumer Advocate to Open an Investigation to Determine Whether Atmos Energy Corp. Should Be Required by the Tennessee Regulatory Authority to Appear and Show Cause That Atmos Energy Corp. Is Not Overearning in Violation of Tennessee Law and That It Is Charging Rates That Are Just and Reasonable*, TRA Docket No. 05-00258, pp. 15-19 (June 14, 2006) (protective order prevents disclosure of any information related to AEM to AEM’s competitor.).

Intervention Group, and Chattanooga Gas present, consistent with the format proposed in this request.<sup>9</sup>

Respectfully Submitted,

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<sup>9</sup> As a courtesy, the parties in TRA Docket No. 05-00258 have been served copies of this request.

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via U.S. Mail, postage prepaid, upon the following this the 12<sup>th</sup> day of April, 2007:

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