

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

DELIVERED VIA EMAIL

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July 21, 2006

Misty Smith Kelley
Baker, Donelson, Bearman, Caldwell & Berkowitz P.C.
1800 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800

RE: Docket No. 05-00258 – 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

Dear Ms. Kelley:

Please provide the information as outlined on the attached Second Joint Discovery Requests. You are not required to provide paper copies of items submitted in electronic format.

All information should be provided by August 4, 2006. Should you have questions regarding the attached request, please contact Paul Greene (extension 156) for clarification.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Hotvedt", is written over a horizontal line.

Gary Hotvedt
Counsel for TRA Investigative Staff

Attachments (2)

C: Joe Shirley
Vance L. Broemel
Tim Phillips
Henry Walker
J. W. Luna
Jennifer Brundige
Melvin Malone
TRA Docket Room

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**Second Joint Discovery Requests of TRA Investigative Staff and
Consumer Advocate and Protection Division**

1. Provide the information for Plant in Service and Accumulated Depreciation by company or service area (Service Areas 88, 90, 91, and 93, company 10), by account in the following format as of March 31, 2006:

(1)	(2)	(3)	(4)	(5)	(6)
Account	Plant in Service	Depreciation	Accumulated	Net	
Acct #	Description	Balance	Rate	Depreciation	Book Value

2. Provide the forecasted and or actual, plant additions, plant retirements, salvage, costs of removal by company or service area (Service Areas 88, 90, 91, and 93, company 10), by account, by month from October 2004 through September 30, 2007.

3. Provide all amounts for Annual Incentive Plan for Management, Long-term incentive plan, Variable Pay Plan by plan by account by company or service area (Service Areas 88, 90, 91, and 93, company 10) since 1995 in the following format:

Capitalized Amounts:

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Acct #	Account Description	Plant in Service Balance	Depreciation Rate	Accumulated Depreciation	Net Book Value

Expense Amounts:

(1)	(2)	(3)	(4)
Year	Acct #	Account Description	Amount

4. Provide the forecasted Annual Incentive Plan for Management, Long-term incentive plan, Variable Pay Plan amounts by plan by account by company or service area (Service Areas 88, 90, 91, and 93, company 10) included in the Company's filing for the twelve months ended September 30, 2007.

5. Provide the actual FAS 87 pension expense amount for the months of April-September 2005 by month allocated to Tennessee operations (Service Area 93) . Also, provide the forecasted FAS 87 pension expense amount included in the Company's filing for the twelve months ended September 30, 2007.
6. Provide the amounts shown on Company Schedule THP-4, Lines 2 through 10 by account for the twelve months ended September 30, 2007 and the amounts on Company Schedule GW-3, Lines 1-20 by account for the twelve months ended September 30, 2006 and for the twelve months ended September 30, 2007.
7. Provide the calculation of the "identified efficiency savings of approximately \$475,000" (Waller testimony, page 12, line 8) and the reduced expense to Tennessee customers of \$131,000. In your response, identify the amounts by account included in the Company's filing for the twelve months ended September 30, 2007.
8. Provide all the work papers and documentation in the development of all amounts shown on work paper WP THP 4-2. Include in your response the amounts by account.
9. Reconcile the efficiency savings to Tennessee customers of \$131,000 with the \$320,742 increase in allocation change due to reorganization. Include in your response how the reorganization benefits Tennessee customers as previously stated in DR #1c.
10. Provide the operating budgets for the Mid-States Division for the twelve months ended September 2005, 2006, and 2007. Additionally, does Atmos plan to include the forecast of results for 2007 as set forth in its testimony as its operating budget?
11. Provide the amounts identified in Company Schedule THP-5, Lines 1 through 11 by account for the twelve months ended September 30, 2007. Identify the amounts by type of tax, i.e. Ad Valorem, Gross Receipts, State Franchise, etc.
12. Provide the source for the interest rate shown in Company work paper WP THP 1-1. Include in your response, why the amount of \$470,796 per Company Schedule THP-1, Line 13 should not be net of income taxes?

13. Provide the monthly pro-forma amounts, by source, by account on Company work paper THP 7-4, Lines 1 through 24 resulting in the 13 month average for September 2007.

14. Provide the forecasted total gross payroll for the twelve months ended September 30, 2006 by month and the payroll capitalization rate for the same period used by month in the development of the expense amount on Schedule GW-3, Line 1.

15. Identify each payee by amount for the Prepayments amount shown in Company Schedule THP-7, Line 13.

16. Provide the amounts, by month, by year, by account for Lines 1-3 of Company work paper WP THP 4-1. Additionally, provide detailed work papers supporting the amount on Line 6 of Company work paper WP THP 4-1.

17. Per company response to DR #32, monthly contributions in aid of construction ("CIAC") are shown on line 64. Are these amounts netted in the monthly plant additions on line 64 of the spreadsheet? If not, then why are the reported customer advances for construction amounts lower than the amounts shown in DR #32?

18. Provide the trial balances as of May 31, 2006 for Service Areas 88, 90, 91, and 93, company 10.

19. Provide the actual amounts for the months of October 2005 through May 2006 for Lines 1-20 of Company Schedule GW-3. Additionally provide the forecasted amounts for the months of June 2006 through September 2006 for Lines 1-20 of Company Schedule GW-3 and describe how the forecasted amounts are calculated.

20. Provide all supporting documentation for the \$1.8 million for bare steel replacement cost discussed on page 18 of the testimony of Atmos witness Childers. Provide the recovery period in years for the bare steel replacement investment.

21. Are the revenues reported on the March 31, 2006 TRA Form 3.03 incorrect and/or abnormal? If so, provide the adjustments and all supporting documentation to correct and/or normalize those reported amounts.

22. Provide a reconciliation of revenues reported for the twelve months ended March 31, 2006 with the revenues reported for the twelve months ended May 31, 2006 and the projected revenues for the twelve months ending September 30, 2007.

23. Are the production expenses reported on the March 31, 2006 TRA Form 3.03 incorrect and/or abnormal? If so, provide the adjustments and all supporting documentation to correct and/or normalize those reported amounts.

24. Provide a reconciliation of production expenses reported for the twelve months ended March 31, 2006 with the production expenses reported for the twelve months ended May 31, 2006 and the projected production expenses for the twelve months ending September 30, 2007.

25. Provide all work papers, analysis, and other available data to show whether or not Atmos's sales volumes, customer bills rendered, late payment charges, services charges, Barnsley Storage fees, and all other miscellaneous revenues proposed by Atmos witness Waller are normal and in line with historical trends.

26. Provide supporting documentation and explanation of the \$1,818,133 "Barnsley Storage fee" as subtracted from the margin on Schedule GW-2, including, but not limited to:

- a. The purpose of the "Barnsley Storage fee."
- b. Whether the "Barnsley Storage fee" has been and/or is currently being billed to consumers.
- c. The actual amounts of the "Barnsley Storage fee" for each month from January 2001 through the most recent month available.
- d. The projected amounts of the "Barnsley Storage fee" for each month forecasted.

27. What are the weather normalized billing determinates for the twelve months ended March 31, 2006, the twelve months ended May 31, 2006, and Atmos's projection for the twelve months ended September 30, 2007?

28. Quantify the actual miscellaneous customer charges billed for the last four years and explain where these charges are included on Schedule GW-2 or why such charges were omitted.

29. Provide all work papers, analysis, and other data used to derive Schedule DAM-28, DAM-29, and DAM-30, which purport to show "deseasonalized, weather normalized trend in the margin collected." See Murry Direct at 37.

30. Explain and provide all supporting documentation for the reduction in "Deseasonalized, Weather and Customer Count Normalized Residential Margin" from nearly \$5 million in time period "37500" to less than \$2 million in time period "37622" as shown on schedule DAM-28. Identify by month and year the time period represented by "37500" and "37622." Provide any "Deseasonalized, Weather and Customer Count Normalized Residential Margin" analyses performed for other time periods.

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing has been forwarded by electronic mail to the following parties on the 21st day of July, 2006.

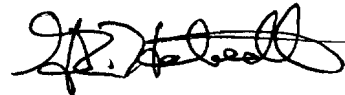
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Gary R. Hotvedt

Electronically filed with the TRA Docket Room on July 21, 2006.