

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE: PETITION TO OPEN AN)	
INVESTIGATION TO DETERMINE)	
WHETHER ATMOS ENERGY CORP.)	
SHOULD BE REQUIRED BY THE TRA)	Docket No. 05-00258
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)	

**ATMOS ENERGY CORPORATIONS FIRST REQUESTS FOR
INFORMATION FROM THE INTERVENTION GROUP**

DEFINITIONS

A. **“PERSON(S)”** means all individuals and entities, including, without limitation, individuals, sole proprietorships, associations, companies, partnerships, joint ventures, corporations, authorities, and government or municipal entities.

B. **“Or”** means “and/or.” **“And”** means “and/or.”

C. **“STAFF”** shall mean the Tennessee Regulatory Authority staff, and each of its attorneys, agents, representatives, employees, subsidiaries, accountants, analysts, economists, and any other PERSONS acting or purporting to act on its behalf.

D. **“CAPD”** shall mean the Consumer Advocate and Protection Division of the Attorney General’s Office, and each of its attorneys, agents, representatives, employees, subsidiaries, accountants, analysts, economists, and any other PERSONS acting or purporting to act on its behalf.

E. **“INTERVENTION GROUP”** shall mean the Intervention Group, represented by Henry Walker of Boulton Cummings Connors & Berry P.L.C. and consisting of Berkline and Koch Foods and all attorneys, agents, representatives, staff, employees, subsidiaries, accountants, and any other PERSONS or entities acting or purporting to act on behalf of the INTERVENTION GROUP, Berkline, and Koch Foods.

F. **“ATMOS”** shall mean Atmos Energy Corporation and all attorneys, agents, representatives, staff, employees, subsidiaries, accountants, and any other PERSONS or entities acting or purporting to act on the ATMOS’ behalf.

G. **“REFER(S) TO”** or **“RELATE(S) TO”** or **“RELATING TO”** mean to be in any way logically or factually connected with the matter stated in describing the document or information, including, but not limited to, referring to, sharing, describing, concerning, containing, embodying, evidencing, analyzing, supporting, identifying, stating, reflecting, contradicting, rebutting, inconsistent with, dealing with, bearing upon, or in any way pertaining to, directly or indirectly.

H. Terms in the plural include the singular, and terms in the singular include the plural.

I. Terms referring to a gender include all genders.

J. The term **“COMPUTER FILES”** means all computer files and written, recorded, and graphic materials of every kind in your possession, custody or control and includes any medium upon which intelligence or information can be recorded or retrieved, electronic correspondence, and drafts of documents, copies of documents that are not identical duplicates of the originals, and copies of the documents the originals of which are not in your possession, custody or control. The term “computer files” includes, but is not limited to, information stored

in, or accessible through, computer or other information retrieval systems. The term “computer files” includes documents that exist in machine-readable form, including documents stored in personal computers, portable computers, workstations, minicomputers, mainframes, servers, backup disks and tapes, archived disks and tapes, CD Rom, worm drives, DVD drives, and other forms of offline storage, whether on or off your premises. Electronic mail messages should also be provided, even if only available on backup or archived tapes or disks. The computer files shall be printed and produced in hard copy and produced in machine-readable form, together with instructions and all other materials, means and devices necessary to use, gather, or interpret the data or format of the computer files.

K. “**DOCUMENT**” means any medium upon which intelligence or information can be recorded or retrieved, and includes, without limiting the generality of the foregoing, COMPUTER FILES and every writing or record of every type and description in your possession, custody or control, or in the possession, custody or control of your attorneys or agents, including, but not limited to, the original and each copy, regardless of origin and location, of any COMPUTER FILES; correspondence; letter; memorandum; invoice; bill; order form; receipt; financial statement; depreciation schedule; appraisal; accounting entry; diary; calendar; travel calendar; telex; telegram; notes or sound recording of any type of personal or telephone conversation or of meetings or conferences; cable; report; record; study; analysis; results of investigation; review; contract; agreement; deed; financing statement; continuation statement; termination statement; loan inquiry or request; loan approval; loan commitment; list of inventory, equipment, materials, supplies, property or assets of any nature or type; statistical record; ledger; book of accounts; voucher; travel voucher; bank check (whether canceled or otherwise); invoice; stenographer notebook; desk calendar; appointment book; diary; expense account record; handwritten note;

chart; paper; print; drawing; sketch; index; list; tape; photograph; microfilm; data sheet or data processing card; discovery responses, TRA filings, testimony, working papers, spreadsheets, tariffs, drafts and rate filings; or papers similar to any of the foregoing; or any other written, recorded, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer in your possession, custody or control.

L. **“IDENTIFY”** when used with respect to a DOCUMENT(s) or written communication means:

1. Specify the nature of the DOCUMENT (e.g., letters, memoranda, press release, written agreements, telegrams, etc.);
2. State the date, if any, appearing on the DOCUMENT when it was prepared;
3. Identify each PERSON who wrote, signed, dictated, or otherwise participated in the preparation of the DOCUMENT;
4. Identify each PERSON, if any, who was an addressee of the DOCUMENT or otherwise received a copy of the DOCUMENT;
5. If it now exists, identify each PERSON having custody of the DOCUMENT;
6. State when and how it came to be in your possession or subject to your control; and,
7. State the substance of the information contained in the DOCUMENT or communication. If such DOCUMENT was, but no longer is, in your possession or subject to your control, state what disposition was made of it.

M. **“IDENTIFY”** when used with respect to a PERSON or PERSONS means:

1. State the name, address(es), and day-time telephone number(s) of such PERSON; and
2. Note the name of the present employer(s) and job title, if any, of such PERSON.

REQUESTS

REQUEST NO. 1. PRODUCE all DOCUMENTS related to the ATMOS Show Cause Petition, the Staff investigative report, or to these proceedings which were exchanged by and between any member of one or more of the following: (i) the CAPD, (ii) the STAFF, and/or the INTERVENTION GROUP. This request includes all DOCUMENTS, as defined above, including e-mails, correspondence, notes, memoranda, drafts, edits, and other COMMUNICATIONS between or among the foregoing PERSONS.

ANSWER:

REQUEST NO. 2. Produce copies of DOCUMENTS constituting any testimony (whether prefiled testimony or transcripts of live testimony) which you have given before the Tennessee Regulatory Authority.

ANSWER:

REQUEST NO. 3. Produce all DOCUMENTS relating to any communications between the INTERVENTION GROUP and Earl Burton. In addition, please state whether Earl Burton reviewed Hal Novak's testimony? If so, please include in your production all DOCUMENTS RELATING OR REFERRING TO any edits, additions, changes, or other communications with Earl Burton regarding Hal Novak's testimony

ANSWER:

REQUEST NO. 4. Relative to WHN Consulting, which Mr. Novak indicated he owned, please IDENTIFY

- (i.) All PERSONS who are owners or employees;
- (ii.) The types of business activities it is engaged in, including, without limitation, whether the firm engages in gas marketing and asset management; and
- (iii.) If it is engaged in gas marketing and asset management, the States in which it provides those services and the customers it provides those services to.

Please produce all DOCUMENTS constituting marketing materials that describe WHN Consulting's services and personnel.

ANSWER:

REQUEST NO. 5. IDENTIFY all representatives, employees, and other agents of ATMOS with whom you (Hal Novak) had any discussions about your testimony. Specifically, please IDENTIFY any PERSONS at ATMOS that you contacted to either verify or refute any of the statements in your testimony.

ANSWER:

REQUEST NO. 6. Please produce all DOCUMENTS that you (Hal Novak) relied upon, referenced, created, or otherwise reviewed in preparation of your testimony. This request includes all work papers, reference sources, financial information, discovery responses, e-mails and other materials. Please produce working excel files for all work papers and exhibits.

ANSWER:

REQUEST NO. 7. State whether Hal Novak has you ever done any work with or for the CAPD or the STAFF. If so, please IDENTIFY the specific instances of when you have worked with the CAPD or the STAFF, the nature of the assignment or work, and the total compensation received.

ANSWER:

REQUEST NO. 8. In your testimony, you state that have “prepared draft industrial tariffs that incorporate [your] recommendations as Exhibits AIG-1 through AIG-5.” IDENTIFY the source of the tariffs, including any tariffs that you used as a template, that you consulted, and that you considered or otherwise reviewed in preparing Exhibits AIG-1 through AIG-5. Produce copies of any DOCUMENTS RELATING TO OR REFERRING TO the draft tariffs and the source of the draft tariffs.

ANSWER:

REQUEST NO. 9. On page 2 of your testimony, you state that “[i]t has been a number of years since the Company’s last rate case in 1995. Since then, a number of changes have occurred in the gas industry that require tariff language changes in order to be properly implemented.” Please IDENTIFY all “changes [that] have occurred in the gas industry” since 1995 that support your tariff language changes.

ANSWER:

REQUEST NO. 10. On Page 2 of your testimony, you state that “[t]he TRA has already addressed these tariff changes for Chattanooga Gas Company and Nashville Gas Company in previous rate cases.” Please IDENTIFY:

- (i.) The case in which the TRA addressed these tariff changes;
- (ii.) How the tariff changes were addressed; and
- (iii.) Any differences with the Chattanooga Gas Company and Nashville Gas Company tariffs, and any differences of those tariffs with the tariffs you have proposed.

ANSWER:

REQUEST NO. 11. IDENTIFY the exact name of the customers that you engaged you (i.e. the specific ATMOS customers that comprise the INTERVENTION GROUP).

ANSWER:

REQUEST NO. 12. For each customer that you are representing in this proceeding please IDENTIFY:

- (i.) The customer name and place of business;
- (ii.) The monthly and annual volume;
- (iii.) Whether they are currently transporting;
- (iv.) Whether they are eligible to transport; and
- (v.) Whether they are firm or interruptible.

ANSWER:

REQUEST NO. 13. On page 2 of your testimony, you proposed five “changes be made to [ATMOS’] existing tariffs.” IDENTIFY exactly how each of the five changes that you are proposing will affect (both positively and negatively) the customers that have engaged you and that you identified in your previous response as being members of the INTERVENTION GROUP.

ANSWER:

REQUEST NO. 14. Have you (Hal Novak) ever worked with or consulted with Earl Burton on any previous occasions? Please IDENTIFY all such occasions and all customers of Earl Burton with whom you have had contact.

ANSWER:

REQUEST NO. 15. On page 3, line 16 of your testimony you state that “[i]t has been our experience that the typical smaller customers on this type of rate schedule expect their gas bills to be significantly less in the summer when their usage is lower.” Please explain who you are referring to when you say “our” and IDENTIFY exactly what experience, contact and engagements with the “typical smaller customer” that forms the basis for this statement.

ANSWER:

REQUEST NO. 16. Produce all DOCUMENTS constituting, RELATING OR REFERRING to engagement agreements and other communications between the INTERVENTION GROUP and William H. Novak (or WHN Consulting).

ANSWER:

REQUEST NO. 17. How much are you [Hal Novak] being paid for your services in this case? Please IDENTIFY your hourly rate, how many hours you spent preparing your testimony, and the total billings in this case to date.

ANSWER:

REQUEST NO. 18. Who is paying your invoices for your work in this case? Produce all DOCUMENTS constituting, RELATING OR REFERRING TO any payments made to Hal Novak or WHN Consulting for services rendered in this case, including but not limited to copies of all drafts, checks, invoices, and billing letters.

ANSWER:

REQUEST NO. 19. IDENTIFY all PERSONS with whom you spoke or consulted about your testimony before you filed it. Specifically, and without limitation of the foregoing, please IDENTIFY:

- (i.) All PERSONS at Berkline who you spoke to;
- (ii.) All PERSONS at Koch Foods who you spoke to;
- (iii.) All PERSONS on the STAFF that you spoke to;
- (iv.) All PERSONS at the CAPD that you spoke to; and
- (v.) Whether you spoke to Earl Burton.

ANSWER:

REQUEST NO. 20. On page 3 of your testimony, you state that “[w]e recommend that the 2nd tier rate apply to all consumption greater than 5,000 Ccf per month, and the rate be reduced by 50% of the 1st tier rate.” If the threshold is lowered, how many more customers would be eligible? What effect will your proposal have on ATMOS’ margin?

ANSWER:

REQUEST NO. 21. Are you proposing a difference in the sales rate and transport rates?

Please explain.

ANSWER:

REQUEST NO. 22. Do your proposed changes result in a margin loss to ATMOS? How are you proposing this margin loss would be recovered?

ANSWER:

REQUEST NO. 23. On page 9 of your testimony, you state that “[i]t is our position that the expense of telemetering or remote metering equipment should be included in the base rates and paid for by the company for all customers who desire to transport gas. Similar to mains and services, the company should capitalize these costs would then be recovered through the base rates.” Please IDENTIFY:

- (i.) The cost you have estimated for ATMOS providing telemetering equipment, if any;
- (ii.) Whether you believe it is discriminatory for current customers to have paid the cost and new customers' to get telemetering at the expense of the other ratepayers; and
- (iii.) Explain why you believe other rate payers should pay for the added costs of a transportation customer.

ANSWER:

REQUEST NO. 24. Please explain whether you believe economic development rates are a good thing?

ANSWER:

REQUEST NO. 25. On page 5 of your testimony you state that “[s]ince the Company’s last rate case, there has been an exodus of many large commercial/industrial customers that were served through the Company’s bundled sales rate schedules that are now buying gas through a gas marketer.” Please IDENTIFY:

- (i.) Your source for this statement;
- (ii.) The large commercial/industrial customers that have left;
- (iii.) The gas marketers those customers are now buying gas through; and
- (iv.) Produce all DOCUMENTS RELATING OR REFERRING TO this statement.

ANSWER:

REQUEST NO. 26. On page 8 you state that you “have numerous recommendations for the Company’s Interruptible Transportation Rate Schedule 260 that we feel will encourage more competition and reduce costs for large gas users.” Please IDENTIFY which entities will face increased competition, and by whom.

ANSWER:

REQUEST NO. 27. Please IDENTIFY all options that exist for transportation customers to use hedging tools for price stability other than storage.

ANSWER:

REQUEST NO. 28. On page 10, line 2, you state that “[t]he other large gas utilities under the TRA’s jurisdiction already have these same features in their tariffs.” Please produce all

DOCUMENTS constituting, RELATING OR REFERRING to the other large gas utilities tariffs that you are relying on for this statement.

ANSWER:

REQUEST NO. 29. Please IDENTIFY any harm to the INTERVENTION GROUP customers in leaving the current rate schedules intact.

ANSWER:

REQUEST NO. 30. Would your proposed changes require ATMOS to use additional resources or incur additional costs? Why or why not? If yes, please IDENTIFY all such additional resources and/or costs.

ANSWER:

REQUEST NO. 31. Please IDENTIFY all facts which support your position that there should be two-tier system and that the second tiered block should have a lower rate. Have you done an analysis of the specific characteristics of the ATMOS customers 220, 230,240 etc rate schedule?

ANSWER:

REQUEST NO. 32. On page 12 of your testimony, you state "I have reviewed [the prefiled testimony and exhibits of the CAPD] for this case. AIG agrees with the CAPD's

calculation of revenue surplus for this case and recommends [sic] that it be adopted by the TRA.”

Please IDENTIFY:

- (i.) Exactly when you received the CAPD’s testimony;
- (ii.) How long you took to review it;
- (iii.) What independent analysis you did of their conclusions and approach;
- (iv.) Anything that you do not agree with;
- (v.) Whether you reviewed the STAFF’s prefiled testimony and exhibits;
- (vi.) What independent analysis you did of STAFF’s conclusions and approach;
- (vii.) Anything in the STAFF’s analysis that you do not agree with;
- (viii.) All DOCUMENTS which were provided to you by the CAPD or the STAFF related to this proceeding.

Specifically, please produce all DOCUMENTS comprising, RELATING OR REFERRING TO the exact copy of the prefiled testimony and exhibits that you were given to review, and all communications with any PERSON at the CAPD or STAFF with whom you discussed your testimony prior to filing.

ANSWER:

REQUEST NO. 33. You stated you agree with the CAPD’s calculation of revenue surplus. Explain why you believe the use of 12 months ended September 30, 2006, as the CAPD did, is appropriate for these proceedings.

ANSWER:

REQUEST NO. 34. During your tenure as Chief of the Energy & Water Division of the Tennessee Regulatory Authority, “where [you] had either presented testimony or advised the Authority on a host of regulatory issues for over 19 years,” please IDENTIFY:

- (i.) The TRA’s policies and procedures with regard to the appropriate attrition year to be used in setting rates;
- (ii.) Any case in which the TRA used an attrition year that was not forward looking from the date of the order; and
- (iii.) Provide copies of any testimony which you presented during those 19 years where you have testified on an attrition year.

ANSWER:

REQUEST NO. 35. During your tenure as Director of Rates & Regulatory Analysis “for two years with Atlanta Gas Light Company, a natural gas distribution utility with operations in Georgia and Tennessee,” and your service “for two years as the Vice President of Regulatory Compliance for Sequent Energy Management, a natural gas trading and optimization company in Texas,” please IDENTIFY:

- (i.) The TRA’s policies and procedures with regard to the appropriate attrition year to be used in setting rates;
- (ii.) Any case in which the TRA used an attrition year that was not forward looking from the date of the order; and
- (iii.) Provide copies of any testimony which you presented during those 4 years where you have testified on an attrition year.

ANSWER:

REQUEST NO. 36. For each gas rate in Tennessee in which you have been involved in any capacity, please IDENTIFY the date of the Order and the attrition year used.

ANSWER:

REQUEST NO. 37. Have you reviewed ATMOS's prefiled testimony and exhibits provided in this proceeding? Do any of ATMOS's proposals address any of the issues that you raise in your testimony? Please explain.

ANSWER:

REQUEST NO. 38. On page 43 of your testimony, you state that “[w]e are recommending that the minimum volume level to qualify for this tariff be set at 25,000 Ccf per year. In today’s volatile gas environment, many customers desire to manage their gas cost risk by purchasing gas through a gas marketer/shipper who offers them a variety of risk management tools.” Please IDENTIFY all facts which support this statement, and IDENTIFY:

- (i.) Why you believe that 25,000 Ccf is appropriate;
- (ii.) What you believe customers of this size would save were your suggestions to be adopted;
- (iii.) Whether you have considered the risk of penalty for this customer if your suggestion were adopted, and whether those increases are due to their inability to nominate;
- (iv.) What risk management tools would be available and whether, as the monthly volumes get smaller, fewer risk management tools are available to the customer; and
- (v.) Whether you agree that risk management tools benefit large volume customers much more than small volume customers

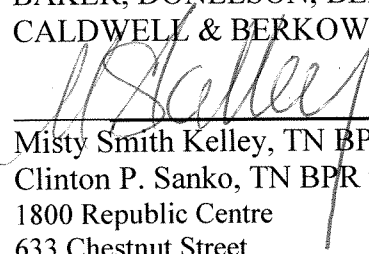
ANSWER:

REQUEST NO. 39. Please provide a detailed explanation of how each of the tariff changes you have proposed, if implemented, will impact the business of WHN Consulting or Earl Burton, including without limitation whether such changes would increase the number of potential clients or the ability to gain clients.

ANSWER:

Respectfully Submitted,

BAKER, DONELSON, BEARMAN
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been e-mailed or faxed and mailed to the following parties of interest this 21st day of July, 2006.

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