

**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 CORPORATION'S RESPONSES TO
DISCOVERY REQUESTS FROM TRA ADVISORY STAFF**

1. Please provide Atmos 3.03 Report for May 2006.

Response: Please see attached file for the May 2006 3.03 monthly report.

2. Provide a rate design generating the revenue deficiency or surplus put forth in Schedule THP-1. Also provide the supporting price-out demonstrating the revenue effect of the design.

Response: Please see the response to second joint staff and CAPD request item #27.

3. Please provide billing determinants by class i.e. residential, commercial, industrial, commodity.

Response: Please see the response to second joint staff and CAPD request item #27.

4. Please provide the work papers referenced as source documents in Schedules DAM-4, DAM-5, and DAM-7 along with all supporting calculations.

Response: See response to Second Discovery Request of the Consumer Advocate and Protection Division, Part 1, Question 1.

5. Please provide work paper and supporting calculations for the Average Customer Deposit

Balance contained in Line No. 1, Column (b) of WP THP 1-1.

Response: Please see the responses to Joint Staff and CAPD first data requests #33 and #36.

6. Please provide work paper supporting calculations for the Revenues in Line No. 1, Column (b) of Schedule THP-2.

Response: The revenue of \$195,166,303 is equal to the gas cost of \$143,086,066 plus total margin revenues net of the Barnsley storage fee of \$52,080,237 from Schedule GW-2.

7. Please provide work paper supporting calculations for the Gas Cost in Line No. 1, Column (b) of Schedule THP-3.

Response: The gas cost of \$143,086,066 is equal to the total adjusted sales volumes from Schedule GW-2 (total adjusted volumes less transportation volumes) of 141,267,930 CCF times \$1 per CCF plus the Barnsley storage fee of \$1,818,136.

8. Provide the calculations for each line item in Company's schedule THP-4.

Response:

The development of the unadjusted operation and maintenance expenses is shown in the response to MFR #29 which provided as part of the first joint staff and CAPD data request item #1. The response to the second joint staff and CAPD request item #6 provides additional information.

The net elimination of intercompany leased property consists of elimination of rent of the Barnsley storage field and some buildings. The Barnsley rent of \$1,818,135 is recorded in the cost of gas and the elimination should have been in Schedule THP-3 Cost of Gas and not in Schedule THP-4. Support for the Barnsley amount is presented in the response to the second joint staff and CAPD request item #26. Support for the amount of the rent related to buildings is provided in the attached schedule.

The gain on the sale of Maryland Way property is calculated as the difference between the unamortized Maryland Way gain of \$38,830 on September 30, 2006 and the unamortized gain of \$18,586 on September 30, 2007. These amounts are shown on WP THP 7-5.

The amortization of rate case expense is based on estimated total rate case expenses of \$165,000 consisting of legal expenses of \$100,000, rate of return consultant expenses of \$40,000 and miscellaneous expenses of \$25,000. A three year amortization produces expenses of \$55,000 per year.

The calculation of the amortization of manufactured gas plant clean up costs is shown on WP THP 4-1.

The calculation of the reorganization related allocation change is shown on WP

THP 4-2. Further support is provided in the response to the second joint staff and CAPD request item #8.

9. Please explain the difference between the numbers provided for NOI on page 3, line 3 of Greg Wailer's pre-filed direct testimony and the NOI number provided in Line No. 1, Column (B) of Schedule GW-1.

Response: The number on page 3, line 3 of Greg Wailer's pre-filed direct testimony is a typographical error. The correct number for NOI is the number that appears on Line No. 1, Column (B) of Schedule GW-1.

10. Please provide work papers and supporting calculations for projecting the 4 months of O&M expense from June 2006 - September 2006 referenced on page 5 of Greg Waller's testimony and in Column (A) of Schedule GW-3.

Response: Please see DR #19 of the SECOND JOINT DISCOVERY REQUESTS OF TRA INVESTIGATIVE STAFF AND CONSUMER ADVOCATE AND PROTECTION DIVISION.

11. Please provide all work papers and supporting calculations for adjustments made to customer volumes and usage volumes in Schedule GW-2.

Response: Please refer to #27 of the second joint staff and CAPD request.

12. Please provide work papers and supporting calculations for the capital structure presented in Column (b) of Schedule THP-9.

Response: Please see the pre-filed testimony of Laurie Sherwood.

13. What expense category and what amount has bare steel replacement costs been accounted for in the attrition year.

Response: All bare steel replacement costs will be capitalized in the attrition year and therefore are not accounted for in any expense category.

Respectfully Submitted,

BAKER, DONELSON, BEARMAN
CALDWELL & BERKOWITZ

A handwritten signature in dark ink, appearing to read 'Misty Smith Kelley', is written over a horizontal line.

Misty Smith Kelley, TN BPR # 19450

Clinton P. Sanko, TN BPR # 023354

1800 Republic Centre

633 Chestnut Street

Chattanooga, TN 37450-1800

(423) 209-4148

(423) 752-9549

mkelley@bakerdonelson.com

csanko@bakerdonelson.com

Attorneys for ATMOS Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been hand-delivered, e-mailed or faxed and mailed to the following parties of interest this 4th day of August, 2006.

Vance L. Broemel
Joe Shirley
Cynthia Kinser
Office of Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202

Gary Hotvedt
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Henry Walker
Boult, Cummings, Connors & Berry
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, TN 37203

J.W. Luna
Jennifer Brundige
Farmer & Luna
333 Union Street, Suite 300
Nashville, TN 37201

Melvin Malone
Miller & Martin
2300 One Nashville Place
150 4th Avenue North
Nashville, TN 37219-2433


