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February 7, 2006

Chairman Ron Jones
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition to Open an Investigation to Determine Whether Atmos Energy Corporation Should Be Required by the TRA to Appear and Show Cause That Atmos Energy Corporation Is Not Overearning in Violation of Tennessee Law and That It Is Charging Rates That Are Just and Reasonable--TRA No. 05-00258

Dear Chairman Jones:

This is a joint letter from the Consumer Advocate and the Atmos Intervention Group. On November 7, 2005, the TRA voted to open a show cause investigation into whether Atmos Energy Corporation was overearning in violation of Tennessee law and overcharging its customers. With every month that passes we estimate that Atmos is overcharging Tennessee consumers approximately \$833,0333 per month. Thus, we are very interested in doing what we can to help the show cause process move along as quickly as possible.


We understand the need for the TRA to do a thorough investigation. However, absent the issuance of an interim order, it will be difficult for consumers to recover any money they have been overcharged prior to a final decision from the TRA. We therefore urge that the process be given top priority.

In a similar situation in Kentucky, the Kentucky Attorney General filed an overearnings complaint against Atmos on February 1, 2005 and the matter has still not been heard by the Kentucky Public Service Commission. This delay prompted the Kentucky Attorney General to bring the delay to the attention of the Public Service Commission which recently admitted that the delay was problematic. For your ready reference, we are enclosing a copy of a press release on the Kentucky Atmos complaint.

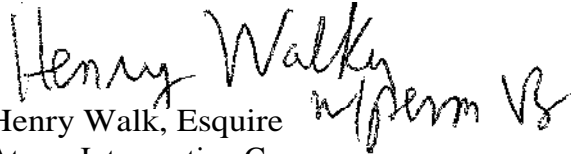
As you may recall, the Consumer Advocate previously filed a similar petition for a show cause investigation of Atmos's overearning on October 15, 2004. This petition, however, was denied. Accordingly, the Consumer Advocate filed a second petition, which is the one which formed the basis for the TRA's current investigation. Given this chronology, the Consumer Advocate and the Atmos Intervention Group request a status conference to discuss (1) the current status of the Authority's investigation, (2) consideration of the issuance of an order granting interim rate relief, and (3) getting a target date for the completion of the staff's investigation.

Thank you for your attention to these matters.

Sincerely,



Vance L. Broemel, Consumer Advocate Division
Assistant Attorney General
(615) 741-8733



Henry Walk, Esquire
Atmos Intervention Group

cc: Counsel of record

ENERGY CENTRAL PROFESSIONAL

PSC admits error in handling of complaint

FRANKFORT –Feb 2 - Knight Ridder/Tribune Business News - John Stamper The Lexington Herald-Leader, Ky.

Attorney General Greg Stumbo accused state regulators yesterday of failing to protect Kentuckians from a gas company that he believes is overcharging customers by millions of dollars a year.

Stumbo's office filed a complaint against Atmos Energy Corp. with the state Public Service Commission one year ago yesterday, but said the PSC had failed to consider the matter.

In a rare admission of error, PSC spokesman Andrew Melnykovich said "the attorney general is absolutely correct."

By day's end, the PSC issued an order denying a months-old motion by Atmos to dismiss the complaint and set a meeting date to discuss how the case should move forward.

"This has gone on much longer than it should have, and we're going to try to get it wrapped up as quickly as we can," Melnykovich said.

He offered no explanation as to why the complaint was not addressed in a timely fashion.

The complaint alleges that Atmos, which has more than 180,000 customers in 38 Kentucky counties, is enjoying excessive earnings and should have its rates lowered by as much as \$7.4 million per year.

Gary Smith, a vice president of Atmos Energy's Owensboro-based subsidiary, denied any wrongdoing. He called the company's rates "appropriate" and pledged to "willingly participate" in the PSC proceedings.

To prevent delayed action on future complaints, Rep. Mike Weaver, D-Elizabethtown, said he will file legislation that would require the PSC to respond to similar complaints within 60 days.

"If the same energy company had asked for a rate increase, the PSC would have acted within 10 months or less," Weaver said. "There's something wrong with that picture."

Melnykovich declined to comment on Weaver's proposal.

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