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May 12, 2006

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

**Via Hand Delivery
and Regular U.S. Mail**

***Re: Petition to Open an Investigation to Determine Whether Atmos Energy Corp.
Should be Required by the TRA to Appear and Show Cause,
TRA Docket No. 05-00258***

Dear Chairman Jones:

Atmos Energy Corporation ("Atmos") has recently become aware of certain solicitation efforts by individuals who identify themselves as the "Atmos Intervention Group." This is the same name used by a group of unidentified Atmos customers Attorney Henry Walker has indicated he represents. The "Atmos Intervention Group" has issued press releases concerning the Staff's investigation, and Mr. Walker has made several filings in this docket on behalf of the "Atmos Intervention Group," including one joint filing together with the Consumer Advocate. The solicitation letter Atmos received a copy of, however, does not reference Mr. Walker.

In light of the concern the Directors have expressed regarding the accuracy of information being shared with the public and media about this docket, and due to the lack of clarity as to what the "Atmos Intervention Group" is, who represents them, and what connection the group may have with the Consumer Advocate, Atmos is writing to notify the Authority of the facts it has been made aware of and the actions the Company has taken in response.

Recently, Atmos was contacted by one of its customers concerning correspondence the customer received related to this docket. A copy of the correspondence is attached. The correspondence consists of a letter dated April 20, 2006 from Earl Burton of Tennessee Energy Consultants ("TEC"), a one page document entitled "Atmos Customer Agreement," and a schedule of fees to be paid to TEC.

The letter from Mr. Burton of TEC clearly implies that Mr. Burton, or TEC, is acting as spokesman for the "Atmos Intervention Group." The letter states that "the Atmos Intervention Group has been actively involved in recent weeks to reduce natural gas distribution rates for you and other Atmos customers in Tennessee." Referring to the "Atmos Intervention Group," Mr. Burton writes that "our timely press releases and comments filed at the TRA put considerable

political pressure on the TRA to commit to finishing their earnings review of Atmos by the May 15th hearing.”

Mr. Burton’s letter predicts that the TRA will convene a “rate hearing,” and implies that the “Atmos Intervention Group” will be a party to that proceeding by stating that “Atmos Intervention Group” will submit discovery and testimony. The letter asks that the customer sign and return the attached one page agreement “that articulates the sharing terms of savings that will reduce your future natural gas costs.” The attached “Atmos Customer Agreement” is a contract hiring TEC to represent the customer in the TRA proceedings related to Atmos in exchange for a fee. The fee options are outlined on the attached fee schedule, and provide the customer with the choice of a flat fee ranging from \$5,000 to \$20,000 depending on customer size, or a contingency fee of one-third of any savings the customer receives as a result of any rate reduction. The agreement also contains a pledge by TEC to keep the identity of the customer confidential.

Mr. Burton’s letter is clearly soliciting clients on behalf of his consulting firm, TEC, and not on behalf of Mr. Walker. Mr. Walker’s name is not mentioned anywhere in the correspondence. The “Atmos Customer Agreement” does however contain one reference to “BCCB,” which is the same initials as Mr. Walker’s law firm, Boulton Cummings Connors & Berry, PLC. As far as Atmos is aware, Mr. Burton is not a lawyer, and his firm, TEC, is not a law firm. The fact that the Consumer Advocate has made a joint filing in this docket together with the Atmos Intervention Group raises questions as to a possible connection between the Consumer Advocate, Mr. Walker, Mr. Burton and the Atmos Intervention Group. However, the nature of that connection is unclear.

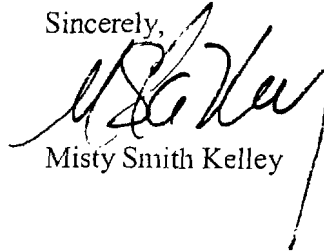
Mr. Walker has stated in numerous filings in this docket that he represents a group of unidentified Atmos industrial customers he calls the “Atmos Intervention Group,” and he has appeared on behalf of that group at TRA proceedings. Atmos is not aware of what involvement, if any, Mr. Walker may have had with the solicitation Mr. Burton sent on behalf of the Atmos Intervention Group. Due to the contradictory information that has been presented to the Authority and to the public with regard to the Atmos Intervention Group, Atmos requests that before Mr. Walker is permitted to make any additional filings in this docket or appear as counsel on behalf of the Atmos Intervention Group, he be required to file a petition to intervene identifying his clients and demonstrating that his clients qualify as interested persons in this docket and meet the statutory requirements for intervention.

Atmos has made every effort to notify its customers of the circumstances surrounding Mr. Burton’s solicitation efforts, and has made them aware of their right to request intervention in any TRA proceedings in which they are an interested party. Atmos has emphasized to its customers that they have a right to request intervention on their own behalf, and that they do not need to join Mr. Burton’s group to do so. Atmos remains committed to ensuring that whatever type of proceedings convened in this docket are fair and equitable to all parties, and that the information disseminated to the public about this case is complete and accurate. Atmos requests

The Honorable Ron Jones
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that the TRA take whatever actions it deems necessary to ensure the same. Atmos appreciates the Authority's consideration of this information.

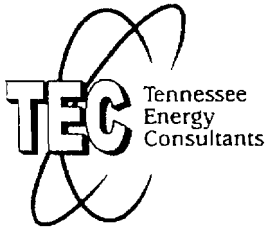
Sincerely,

A handwritten signature in black ink, appearing to read "MSK", with a long, sweeping vertical line extending downwards from the end of the signature.

Misty Smith Kelley

MSK:klc
Enclosure

cc: Vance Broemel, Esq. (via facsimile)
Henry Walker, Esq. (via facsimile)
Gary Hotvedt, Esq. (via facsimile)
Mr. Earl Burton (via facsimile)



April 20, 2006

Dear :

I am pleased to inform you that the Atmos Intervention Group has been actively involved in recent weeks to reduce natural gas distribution rates for you and other Atmos customers in Tennessee. Just recently, our timely press releases and comments filed at the TRA put considerable political pressure on the TRA to commit to finishing their earnings review of Atmos by the May 15th hearing. Many thanks to Walter Hammer with Berkline Industries who was willing to make a statement to the press regarding high natural gas costs and needed relief for Tennessee ratepayers.

Based on Atmos financials and preliminary calculations of their current earnings, we project that the TRA will convene a rate hearing in May, and that Atmos Intervention Group will go to work with discovery and testimony on Atmos Energy's current rate of return, financial performance and rate tariffs. It is estimated that Atmos Energy will have to reduce rates by \$10 million to Tennessee rate payers.

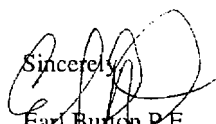
It is the objective of the Atmos Intervention Group to negotiate for rate reductions and supply offerings that will minimize gas rates and charges for large gas users as well as provide storage benefits to gas users.

In follow-up to the initial commitment made by your company, we have a simple one page agreement that articulates the sharing terms of savings that will reduce your future natural gas costs.

Every effort will be made during this intervention to ensure that the value of our efforts flow to customers that support the intervention.

Please sign this form and return it to me at the following address. Please give me a call if you have any questions.

Tennessee Energy Consultants
100 E. 10th Street Suite 401
Chattanooga TN 37402
Fax 423-752-1369

Sincerely,

Earl Burton P.E.
423-421-3732

ATMOS CUSTOMER AGREEMENT

Atmos Energy Corporation Customer (hereinafter referred to as "Customer") and Tennessee Energy Consultants (hereinafter referred to as "TEC") hereby enter into the following agreement on this day, the ____ of _____, 2006 (the "Agreement") for the purpose of outlining the rights and responsibilities of the parties with regard to the formation of an intervention group to participate in the rate proceeding involving Atmos Energy Corporation before the Tennessee Regulatory Authority ("TRA"), Docket No. 05-00258.

Whereas, the parties agree to the following:

1. Representation. TEC hereby agrees to represent the Customer in the Atmos Energy Corporation rate proceeding before the TRA for the purpose of obtaining the lowest possible rate for natural gas for the Customer.
2. Fee for Representation. As payment for the representation described in paragraph 1, the Customer hereby agrees to remit to TEC either (1) a percentage of the savings obtained by BCCB or (2) a fixed fee. Each of these amounts is to be calculated in accordance with the fee schedule attached hereto as "Exhibit A".
3. Confidentiality. TEC hereby agrees to keep the identity of the Customer confidential. While TEC does believe that the Customer can participate in the rate proceeding without the Customer's identity being divulged, should the TRA order the Customer's identity to be released, TEC hereby agrees to contact the Customer and (1) obtain permission from the Customer to release the Customer's identity or (2) allow the Customer to withdraw from the rate proceeding at no charge.

IN WITNESS WHEREOF, Customer and TEC have caused this Agreement to be duly executed on the day and year first written above.

Tennessee Energy Consultants

CUSTOMER:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Check Option 1____ Option 2____

EXHIBIT A

OPTION I

Services will be provided per the below performance schedule based on shared savings. The start date for shared savings shall be the effective date when rate reductions and/or other offerings begin that reduce gas costs for participating customers.

| Years 1-3 | Shared Savings |
|---|----------------|
| Reduction in Atmos Base Rates/Transport Rates (1) | 33% |
| Reduction in Atmos Transportation Fuel Loss (2) | 33% |
| Reduction in Gas Commodity Costs from Storage (3) | 33% |

1. Cost Basis for Tariff savings will be based on current Atmos rates in effect when intervention filing is initiated.
2. Cost Basis for Fuel Loss will be based on percentage fuel loss in effect when intervention filing is initiated.
3. Cost Basis of Savings will be based on savings of using the lower Storage Commodity versus Nymex Close for the applicable billing month on if the customer elects to use this storage entitlement.

OPTION II

| Size Customer | Fixed Fee | Target Reduction | Other |
|-------------------|--------------|------------------|---|
| 36,000 to 50,000 | \$ 5,000.00 | \$ 0.15 | Savings below \$.15 per dekatherm will be prorated based on reduction |
| 50,000 to 75,000 | \$ 10,000.00 | \$ 0.15 | Savings below \$.15 per dekatherm will be prorated based on reduction |
| 75,000 to 100,000 | \$ 15,000.00 | \$ 0.15 | Savings below \$.15 per dekatherm will be prorated based on reduction |
| 100,000 and up | \$ 20,000.00 | \$ 0.15 | Savings below \$.15 per dekatherm will be prorated based on reduction |