WALLER LANSDEN DORTCH & DAVIS, LLP

NASHVILLE CITY CENTER
511 UNION STREET, SUITE 2700
NASHVILLE, TENNESSEE 37219-8966
(615) 244-6380
FAX: (615) 244-6804
www.wallerlaw.com

1901 SIXTH AVENUE NORTH, SUITE 1400
BIRMINGHAM, ALABAMA 35203-2623
(205) 214-6380

520 SOUTH GRAND AVENUE, SUITE 800
LOS ANGELES, CALIFORNIA 90071
(213) 362-3680

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TN REGULATORY AUTHORITY
DOCKET ROOM

D. Billye Sanders
(615) 850-8951
billye.sanders@wallerlaw.com

November 27, 2007

VIA HAND DELIVERY
Eddie Roberson, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

Re: Tariff Filing to Modify and Add Language Regarding Transportation Service
Docket No. 07-0020
Response of Stand Energy Corporation to First Discovery Request of Atmos Energy Corporation

Dear Chairman Roberson:

Enclosed you will find the original and 4 copies of the Response of Stand Energy Corporation to the First Discovery Request of Atmos Energy Corporation. A copy has been filed electronically.

Sincerely,

D. Billye Sanders

D. Billye Sanders
Attorney for Stand Energy Corporation

cc: John M. Dosker
Parties of Record

1812925.1

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

2007 NOV 28 AM 4 01

IN RE: TARIFF FILING TO MODIFY	**)**	
AND ADD LANGUAGE REGARDING	**)**	**TRA Docket No. 07-00020**
TRANSPORTATION SERVICE	**)**	

TN REGULATORY AUTHORITY
DOCKET ROOM

RESPONSE OF STAND ENERGY CORPORATION TO FIRST DISCOVERY REQUESTS OF ATMOS ENERGY CORPORATION

Comes now Stand Energy Corporation (Stand Energy) and responds to the First Discovery Requests of Atmos Energy Corporation (Atmos).

I. DISCOVERY REQUESTS TO STAND ENERGY AND SOUTHSTAR AND RESPONSES OF STAND ENERGY

1. Have you sold gas or gas related services to any customer located within the Atmos service areas in Tennessee within the last 24 months? If so, answer the questions below in discovery request number 2. If not, explain how you would be harmed by any of the provisions of the Company's proposed tariff.

RESPONSE: No. Nevertheless, Stand Energy Corporation could be harmed by the loss of potential customers, the loss of business opportunities, the loss of profits and loss of value of Stand Energy all as a result of the Tariff at issue and Atmos Energy Marketing's ability to serve below Stand Energy's cost to serve. Stand Energy's damages would be actionable under Tenn. Code Ann. Section 47-25-101. Stand Energy, or another gas marketer, could seek the legal remedy of forfeiture of Atmos' Tennessee Gas Charter/Franchise as provided for by Tenn. Code Ann. Section 47-25-104 for violations of Section 47-25-101.

2. For each of your Tennessee customers that has purchased gas or any type of gas service (including, without limitation, transportation service) from Atmos in Tennessee in the past 24 months, provide the following information:

(a) Provide the address of each location that has purchased gas or gas service from Atmos;

(b) Separately for each such location, identify the type(s) of gas service (by Atmos tariff number and name) under which each location has purchased gas or gas service from Atmos in the past 24 months;

(c) Separately for each such location, identify each other entity from which gas or gas-related marketing or other services have been purchased in the past 24 months;

(d) Describe and explain all of the contractual, economic and other terms under which each such location has purchased gas or gas-related marketing or other services in the past 24 months;

(e) For each such location, indicate what type of gas capacity is used to serve the customer (e.g. firm, secondary firm, interruptible), and explain how gas is delivered to such customer during OFO (operational flow order) periods;

RESPONSE: Not Applicable

3. Do you reasonably expect that you will sell gas or gas related services to any new customers in Tennessee within the next 12 months? If so, identify each such customer and provide the address of the customer's Tennessee locations to which you reasonably expect to sell gas or gas related services within the next 12 months.

RESPONSE: Yes. Stand Energy objects to Atmos' request for it to identify potential customers on the grounds that the request seeks information that is highly confidential, competitively sensitive and arguably a trade secret protected by statute pursuant to Tenn.Code Ann. §47-25-1706.

4. Separately for each such potential customer,

   (a) Describe the type of gas service that such potential customer is reasonably expected to purchase from you;

   (b) Describe and explain all of the contractual, economic, and other terms under which you expect such potential customer to purchase gas or gas related services;

RESPONSE: Stand Energy objects to this request on the grounds that the request seeks information that is highly confidential, competitively sensitive and arguably a trade secret protected by Statute in Tenn.Code Ann. §47-25-1706. Subject to and without waiving its objection, Stand Energy does not of know the type of service that customers not yet obtained will require. The contractual, economic or other terms under which Stand Energy would expect potential customers to purchase gas is speculative. However, generally speaking, Stand Energy will attempt to identify customers for whom it can save money and contact them and offer to sell them natural gas and related services.

5. Provide your total gross revenue and net profit from your Tennessee operations for each of the last two fiscal years.

RESPONSE: $0.

6. List the other utilities behind whose city gates you serve gas customers.

RESPONSE:

Alphabetical by LDC	**State**
Batesville Gas & Water	Indiana
Cincinnati Gas & Electric Co. (Duke Energy)	Ohio
Citizens Gas	Indiana
Columbia Gas of Kentucky	Kentucky
Columbia Gas of Ohio	Ohio
Columbia Gas of Pennsylvania	Pennsylvania
Columbia Gas of Virginia	Virginia
Dominion East Ohio	Ohio

Dominion West Ohio	Ohio
Dominion Peoples	Pennsylvania
Equitable	Pennsylvania
Illinois Power	Illinois
Indiana Gas	Indiana
Louisville Gas & Electric	Kentucky
Michigan Consolidated	Michigan
Mountaineer Gas	West Virginia
National Fuel	New York
NYSEG	New York
NICOR	Indiana
NIPSCO	Indiana
Ohio Gas	Ohio
Richmond (KY) Utilities	Kentucky
ULH&P (Duke Energy)	Kentucky
Vectren Energy Delivery of Ohio	Ohio
Washington Gas Light	Virginia

We have experience behind these additional LDC's:

Colorado Public Service	Colorado
Baltimore Gas & Electric	Maryland

II . DISCOVERY REQUESTS TO STAND ONLY AND RESPONSES OF STAND ENGERGY

7. With respect to Harrison Construction, the one potential customer identified in connection with Stand's intervention in this proceeding, answer the following questions:

(a) Is that customer's decision whether or not to use natural gas in its operations dependent to any degree upon the commodity price of natural gas? If so, is commodity price a primary factor or a small factor?

(b) Provide the highest total, bottom line, delivered-to-the-meter gas cost at which it would be economically advantageous for Harrison Construction to burn natural gas in its Tennessee operations rather than an alternate fuel.

(c) If Harrison Construction were to burn natural gas in its Tennessee operations, would it require, whether directly from the pipeline or through Stand, firm transportation service on the connecting interstate pipeline or would it use interruptible transportation service?

(d) If the answer to Question No. 5 is "firm", does Harrison Construction or its affiliates or Stand hold any firm interstate pipeline capacity that can be used to deliver the customer's natural gas to the Company's city gate? If the answer to Question No. 5[1] is interruptible, is interruptible transportation service available on the interconnecting interstate pipeline?

(e) Explain how any of the provisions of the Company's proposed tariff would discourage Harrison Construction from using natural gas in connection with its operations in Tennessee.

RESPONSE:

a) No. Not merely the commodity price of gas is a factor, but the overall cost of gas. The commodity price of gas is therefore a factor to be considered. The factors to be considered all can change on a daily basis.

b) Stand Energy objects to this request on the grounds that the information sought is highly confidential, competitively sensitive and arguably a trade secret protected by statute pursuant to Tenn.Code Ann. §47-25-1706. Subject to and without waiving the objection, the asphalt industry likes to be within 25 cents/Mmbtu of the alternate fuel they utilize. These fuel costs can change on a daily basis.

c) Stand is not aware of any asphalt plant that requires firm service because they all have back-up fuel and do not require firm service. Harrison Construction would utilize interruptible service.

d) Yes, interruptible transportation service is available on the interconnecting interstate pipeline. However, the services available on the connecting interstate pipeline (firm,

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[1] Stand Energy's response to this question is based on the answer to question 7(c), not question 5. Stand Energy believes the reference to question 5 to be an error. However, if the reference to question 5 is intended, then the answer is: Stand Energy's answer to question 5 does not relate to the question asked in 7(d), therefore Stand Energy does not understand the question.

interruptible, storage) do not necessarily prevent the local distribution company (LDC) from providing the service itself.

e) The daily balancing provisions of the tariff and the lack of monthly balancing provisions would both discourage Harrison Construction from utilizing natural gas rather than their alternate fuel, especially considering the unknown daily cash-out price.

III. DISCOVERY REQUESTS TO ALL PARTIES AND RESPONSES OF STAND ENERGY

1. Identify each person whom you expect to call as an expert witness at the hearing on the merits in this docket, and for each such expert witness:

(a) Provide a current and complete CV for the witness, including a list of citations to all of the expert's publications and presentations;

(b) Identify the subject matter on which the witness is expected to testify, and state the substance of the facts and opinions to which the expert is expected to testify and a summary of the grounds for each opinion;

(c) Produce any exhibits to be used in conjunction with the expert's testimony;

(d) Produce all transcripts of the expert's prior testimony or, if not available, identify the matters in which the expert has testified with sufficient specificity that transcripts can be obtained by counsel for Atmos;

(e) Describe all of the expert's financial interests in the litigation, including, without limitation, financial terms under which the expert is to be compensated for his work in connection with this case;

(f) Produce all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by, or produced by the expert in evaluating, reaching conclusions or formulating an opinion in this matter. Produce electronic versions of the files (e.g. Excel and Power Point) where such versions exist.

RESPONSE: Stand Energy has not yet determined who will be its witness in this docket.

2. Identify the name and location of all persons having knowledge of discoverable matters in this case.

RESPONSE: Stand Energy objects to the question on the grounds that it is vague and overly broad. Subject to and without waiving the foregoing objection, Mark Ward, Vice President of Regulatory Affairs and John Dosker, General Counsel for Stand Energy, 1077 Celestial Street, Suite 110 Cincinnati, OH 452020-1629, have knowledge of some discoverable matters in this case. There may be others with such knowledge, however without knowing what particular discoverable matters are being addressed the question cannot be completely answered.

3. Produce all documents that you plan to introduce, use, or reference at the hearing on the merits in this docket.

RESPONSE: Stand Energy objects to this request on the grounds that the some of the information will be attorney work product and or privileged information. Subject to and without waiving the foregoing objection, Stand Energy has not yet developed its case and does not know what documents it plans to introduce, use or reference at the hearing.

4. If you oppose any of the tariff amendments requested in this matter identify each tariff amendment that you oppose and explain the grounds for your opposition.

RESPONSE: Stand Energy's main objection to the tariff amendments is the imposition of daily scheduling fees for imbalances greater than a plus or minus 10%, coupled with the uncertainty of how to compute the penalty charges when an imbalance occurs due to the lack of information necessary to interpret the formula for determining the daily "cash-out" for such imbalances. Atmos controls the information, which includes charges and costs unknown to other parties.

5. If you contend that any of the tariff amendments requested in this matter would cause an adverse financial impact on you or any of your members or customers, explain your contention and quantify the adverse financial impact to the extent that you are able to do so.

RESPONSE: Given the economic risk and uncertainty presented by the imposition of daily scheduling fees, Stand Energy, and every other marketer, must evaluate the viability of marketing in the Atmos Energy Corporation territory when the main competitor, Atmos Energy Marketing, is the affiliate of the local distribution company. It would be speculative and very difficult to quantify the financial impact of the "lost opportunity" at this time, should Stand Energy decide not to market in the Atmos territory or attempt to market and be damaged by anti-competitive activities of Atmos or its affiliate.

6. Produce all documents that evidence communications from Atmos customers that addresses any of the terms or provisions of the tariff at issue in this proceeding or any of the requested amendments thereto.

RESPONSE: Stand Energy has no such documents at this time. Stand Energy will supplement its response if it obtains any documents from dissatisfied Atmos customers.

7. Do you agree that a transportation customer and/or its agent should accurately nominate quantities of natural gas for delivery to the Company's city gate?

RESPONSE: A transportation customer and/or its agent should attempt to closely match its nomination with its expected gas usage, but it would be impossible to accurately match the nomination with usage Ccf to Ccf just as it is impossible for the Atmos Energy Corporation to accurately match its nomination with its sales customer usage. However, for Atmos, the imbalance between its nomination and customer usage is automatically adjusted through its no-

notice storage contract with its supplying pipelines. Transportation customers do not have the luxury of no-notice storage to correct their imbalances. The daily nomination tolerance proposed by Atmos is too restrictive for customers that have very volatile usage that cannot be accurately predicted prior to the gas day. The proposal as written exposes the transportation customer to excessive risk and costs that are not faced by an Atmos sales customer thus stifling competition.

8. If your answer to the preceding question is anything other than an unqualified "yes," explain what you believe to be the a transportation customer's (or his agent's) obligation, if any, with respect to managing nominations.

RESPONSE: A transportation customer and/or its agent should be expected to nominate gas to match the customer's usage on a monthly basis. Any difference, on a monthly basis, should be cashed out after the close of the month according to the cash out specified in the current Atmos transportation tariff or what has been proposed by Atmos in the filing in this docket.

9. If a transportation customer's daily volume usage is available electronically through the Atmos website and the customer is permitted by Atmos to make intra-month changes to its nominations, do you agree that a transportation customer then has the ability to manage its nominations more frequently than once a month?

RESPONSE: Yes.

10. If your answer to the preceding question is anything other than an unqualified "yes," explain in the basis for your position.

RESPONSE: Not applicable.

11. Do you contend that a tolerance of 10%, before the Company can assess daily scheduling fees, is unreasonable? If so, explain the basis for your contention.

RESPONSE: Yes, particularly when the Asset Manager for the Company is the primary competitor for the gas transportation market. The 10% daily tolerance is too restrictive as explained in the above response to Interrogatory # 7.

12. Are you aware of any interstate pipelines that are permitted to charge daily scheduling fees or penalties to a shipper with respect to differences (outside of a prescribed tolerance) between the shipper's scheduled deliveries at a delivery point and the quantities actually taken by the shipper at the delivery point? If so, please identify the pipeline(s), and describe the terms under which they charge daily scheduling fees or penalties.

RESPONSE: No. There is not an automatic penalty or charge for an imbalance. The pipeline delivers 1,000 and shipper burns 950, for a difference or imbalance of 50. That activity, in and of itself, does not generate a fee or penalty. The only certainty is the imbalance. How that imbalance is handled determines if there is a fee or penalty. Generally, as long as the system is not under a critical day, an imbalance can be created on the contract without a cost. Other alternatives are to apply the imbalance to other rate schedules (i.e. storage account). Usually there is a procedure set up to handle the imbalance that everyone is aware of in advance. If the imbalance stays within a reasonable range after considering the overall system as a whole, then the costs are generally minimal (no harm/no foul). If an imbalance is extreme, then the costs/penalties can become significant.

13. If storage is used by the Company to maintain daily balances on an interstate pipeline in order to avoid pipeline imbalance charges, then explain why transportation customers who cause or contribute to cause pipeline imbalances should not be required to contribute to the costs of storage through daily scheduling fees.

RESPONSE: Many LDCs do charge nominal balancing fees to pay for the portion of storage that is used for balancing the difference between customer usage and daily nominations. LDCs should be allowed to recover their actual costs to provide the balancing service. However, it is difficult to determine exactly what the Daily Scheduling Fee proposed by Atmos would be in actuality and if it is cost-based. Many times the imbalance caused by a marketer could actually reduce or avoid charges the LDC would incur from its supplying interstate pipelines. The formula provided in the proposed tariff is dependent on computations, values and costs and charges to which only is Atmos privy. Without full disclosure, the daily imbalance penalties and fees can be whatever Atmos wants them to be.

14. If the Company agreed to modify the language in the proposed tariff to make imposition of daily scheduling fees mandatory, would you oppose this modified provision of the tariff? If so, explain the basis for your opposition.

RESPONSE: Stand Energy cannot oppose or agree to modification of the language until it is provided a clear understanding of what the cost of the scheduling fee would be to the customer or its agent. Stand Energy cannot agree to any tariff modifications if the end-result of the proposals and modifications impede customers' access to the open market because of excessive financial risk or penalties that create substantial disincentives for a customer to participate in the transportation program.

CERTIFICATE OF SERVICE

I hereby certify that a copy of Stand Energy Corporation's Responses to First Set of Discovery was served upon the following parties of record or as a courtesy, via U.S. Mail postage prepaid, express mail, hand delivery, or electronic transmission, on November 27, 2007.

William T. Ramsey, Esq.
A. Scott Ross, Esq.
Neal & Harwell, PLC
2000 One Nashville Place
150 Fourth Avenue North
Nashville, TN 37219-2498

Vance L. Broemel
Joe Shirley
Robert E. Cooper, Jr.
Office of the Attorney General
Consumer Advocate and Protection Division
PO Box 20207
Nashville, TN 37202

Henry Walker
Boult Cummings Conners & Berry, PLLC
1600 Division Street, Ste. 700
P.O. Box 340025
Nashville, TN 37203

John Paris, President
Kentucky/Mid-States Division
Atmos Energy Corporation
2401 New Hartford Road
Owensboro, KY 42303

Douglas C. Walther
Associate General Counsel
Atmos Energy Corporation
Post Office Box 650205
Dallas, TX 75265-0205

Pat Childers
VP-Regulatory Affairs
Atmos/United Cities Gas Corp.
810 Crescent Centre Drive, Ste 600
Franklin, TN 37064-5393

D. Billye Sanders

D. Billye Sanders