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filed electronically in docket office on 01/25/08

January 25, 2008

VIA HAND DELIVERY

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

Re: Atmos Energy Corporation's Tariff Filing to Modify and Add
Language Regarding Transportation Service
Docket No. 07-00020

Dear Chairman Roberson:

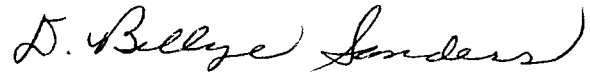
Enclosed you will find the original and four copies of the pre-filed testimony of John M. Dosker, on behalf of Stand Energy Corporation in the above-referenced docket. This testimony has also been filed electronically.

Mr. Dosker has made references to the testimony of Hal Novak in TRA Docket No. 07-00105 and the testimony of Rob Ellis in TRA Docket No. 07-00225. Stand Energy respectfully requests that the Authority take official notice of the referenced testimony in those dockets. Mr. Dosker has also indicated that some of the information that substantiates his testimony is in confidential responses to discovery requests. Mr. Dosker has not discussed the contents in his testimony, but requests/reserves the right to do so under circumstances where the information will remain protected. Therefore, Stand requests that Atmos' Responses and Confidential Responses to Stand 1-6 and Atmos' Confidential Response to Stand 1-10 be included in the record. Stand further requests/reserves the right to supplement its testimony upon receipt of a complete response to Interrogatory Stand-Atmos 1-19.

January 25, 2008

Page 2

Sincerely,

A handwritten signature in black ink, reading "D. Billye Sanders". The signature is written in a cursive, flowing style with a large initial "D" and a long, sweeping underline.

D. Billye Sanders
Counsel for Stand Energy Corporation

cc: John M. Dosker
Parties of Record

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

ATMOS ENERGY CORPORATION'S)	
TARIFF FILING TO MODIFY AND ADD)	
LANGUAGE REGARDING)	DOCKET NO. 07-00020
TRANSPORTATION SERVICE)	

PRE-FILED TESTIMONY OF JOHN M. DOSKER

1 Q. Would you state your name, address and occupation for the record please?

2 A. My name is John Marshall Dosker. My address is 2716 McKinley Avenue,
3 Cincinnati, Ohio 45211. I am General Counsel for Stand Energy Corporation, a
4 natural gas supplier and marketing company. Stand Energy Corporation's
5 address is 1077 Celestial Street, Suite 110, Cincinnati, Ohio 45202-1629.

6 Q. Please provide a summary of your educational background and professional legal
7 experience?

8 A. I have a Bachelors Degree in Political Science from the University of Kentucky
9 and a Juris Doctor from Northern Kentucky University Salmon P. Chase College of
10 Law.

11 Q. Please provide a summary of your professional legal experience?

12 A. I have been licensed to practice law in Kentucky since 1987. I have served as a
13 Staff Attorney to a Kentucky Court of Appeals Judge for two years; practiced
14 law as a law clerk, associate and ultimately partner in a Martindale-Hubbell AV
15 rated law firm in the field of litigation representing individuals and
16 corporations for almost 10 years; and have been employed as In-House Counsel
17 and ultimately General Counsel for Stand Energy Corporation for nine years. I
18 am admitted to practice before the Courts of the Commonwealth of Kentucky,
19 United States District Court for the Eastern District of Kentucky and the
20 United States Supreme Court. I have the following published appellate
21 decisions *Historic Licking Riverside Civic Assoc. v. City of Covington, et al.*
22 *Ky.*, 774 S.W.2d 436 (1989); *Huddleston v. Hughes, Ky.App.*, 843 S.W.2d 901
23 (1992). *City of Covington v. Board of Trustees of Policemen's and Firefighters'*
24 *Retirement Fund, Ky.*, 903 S.W.2d 517 (1995); *Kenton County Public Parks Corp.*
25 *v. Modlin, Ky.App.*, 901 S.W.2d 876 (1995). I also authored a law review
26 article on Evidence: *The New Kentucky Rules of Evidence, Trojan Horse or*
27 *Improvement Over Common Law?* 20 N.Ky.L.Rev. 701 (Spring, 1993). Since coming
28 to Stand Energy, I have been involved in dozens of utility cases before the

Public Utility Commission of Ohio (PUCO); as well as the Kentucky Public Service Commission (KPSC); Virginia State Corporation Commission (Virginia SCC); and the Maryland Public Service Commission (MPSC). I have directed the activities of outside counsel in regulatory proceedings in these states and many others. I am also a former member of the North American Energy Standards Board (NAESB) Executive Committee, Gas Supplier Segment.

Q. What is the purpose of your testimony in this transportation docket?

A. The purpose of my testimony is to address issues related to the purchase and use of transportation assets in the Atmos Energy Corporation service territory in Tennessee and the use of those transportation assets by Atmos Energy Marketing in Tennessee and possibly other states. At the outset, I would like to admit that I am unclear as to the distinction between issues that should be addressed in this Transportation Docket and issues that should be addressed in the Asset Management Docket. The biggest ratepayer asset "managed" by AEM is interstate pipeline capacity and related storage contracts.

Q. What relief would Stand Energy request from the Tennessee Regulatory Authority in this case?

A. 1) The most important relief that the Tennessee Regulatory Authority can require to improve competition in the AEC service territory is to lower the volumetric threshold required to transport gas under Rate Schedule 260 to between 3,000 MCf and 8,000 MCf per year annual usage;

2) Penalty revenue collected under Rate Schedule 260 should NOT be used to lower the PGA because an artificially lower PGA discourages competition. The

1 penalty revenue should be paid pro-rata to those suppliers who are able to avoid
2 penalties by properly managing their pools and keeping them balanced;

3
4 3) The Tennessee Regulatory Authority should require AEC to allow suppliers to
5 aggregate customers into "pools". Pooling allows for group nominations as well
6 as the sharing of over and under deliveries which only require a single
7 adjustment by the supplier to "balance" the entire pool as opposed to an
8 adjustment for every single customer in the aggregation;

9
10 4) The Tennessee Regulatory Authority should require Atmos to place additional
11 language into Rate Schedule 260 to make it perfectly clear and unambiguous that
12 non-discriminatory treatment of all Supplier/Marketers is a regulatory
13 requirement and to require regular reporting by AEC on the imposition and
14 collection of daily balancing penalties and accounting for all imbalance
15 penalty revenues;

16
17 5) Any and all ambiguity should be removed from the Rate Schedule 260 for all
18 penalties and charges of any kind so that any customer taking service under the
19 Rate Schedule will be able to calculate and independently confirm any imbalance
20 penalties that AEC may impose upon the customer or their supplier/marketer.

21 These simple changes will allow many more Atmos commercial and industrial
22 customers the ability to transport gas and will remove the incentives that
23 currently exist for AEC to favor its unregulated subsidiary AEM and to shift
24 profits to AEM.

25 Q. What is "released capacity"?

26
27 A. "Released capacity" is the right to move a stated quantity of natural gas on
28 the interstate pipeline that is "excess" or unneeded by the owner of the

1 capacity. The owner of the capacity has a "firm" or guaranteed right to use
2 the capacity when it chooses (except when a *force majeure* event such as a
3 hurricane or damage to the pipeline physically prevents the flow of gas).
4 Released capacity is usually "recallable" or "interruptible" by the owner of
5 the capacity. Released capacity is not a dependable method of transporting
6 gas, especially during the winter heating season from November through March of
7 each year. AEC has contractual rights to most of the firm interstate pipeline
8 capacity into the AEC territory. AEC has "released" all of that capacity to
9 AEM.

10 **Q. Are AEC and AEM under investigation by the Federal Energy Regulatory Commission**
11 **for possible violations of FERC's posting and competitive bidding regulations**
12 **for pre-arranged released firm capacity on interstate pipelines?**

13 **A.** Yes. Atmos Energy Corporation filed the Form 8-K attached hereto as Exhibit 1
14 with the United States Securities Exchange Commission on or about December 13,
15 2007. The text of AEC's filing is reproduced here: "*On December 13, 2007, Atmos*
16 *Energy Corporation, our Mid-Tex Division, and our affiliate, Atmos Energy*
17 *Marketing, LLC (together with its predecessor, Woodward Marketing, L.L.C.),*
18 *received data requests from the Division of Investigations of the Office of*
19 *Enforcement of the Federal Energy Regulatory Commission (the "Commission") in*
20 *connection with its investigation into possible violations of the Commission's*
21 *posting and competitive bidding regulations for pre-arranged released firm*
22 *capacity on natural gas pipelines. The data requests include requests for*
23 *information and documents concerning specified short-term capacity release*
24 *transportation transactions involving these companies. We intend to respond to*
25 *the data requests and fully cooperate with the Commission in its investigation.*"

26 **Q. Haven't AEC's and AEM's attorneys argued in formal proceedings before the TRA**
27 **that their clients were not subject to the jurisdiction of FERC including the**
28 **FERC Affiliate Rules?**

1 A. Yes. However, the SEC filing proves the contrary.

2 Q. Does Stand Energy Corporation compete with Atmos Energy Corporation?

3 A. Absolutely not. Stand Energy Corporation does not have any pipe in the ground
4 in Tennessee and does not "deliver" natural gas to any customers within the
5 Atmos Energy Corporation service Territory in Tennessee by virtue of a Stand
6 Energy gas distribution system. Stand Energy is a gas marketer or supplier.
7 Stand Energy takes title to gas and redelivers it to our customers in more than
8 10 states. Stand Energy has experience delivering gas to over thirty (30)
9 local distribution companies (LDC's) like Atmos Energy Corporation.

10 Q. Does Stand Energy Corporation compete with Atmos Energy Marketing?

11 A. Yes. Stand Energy does compete with Atmos Energy Marketing (hereinafter
12 "AEM"), a separate and distinct legal entity from Atmos Energy Corporation
13 (hereinafter "AEC") - a critical distinction in every other jurisdiction where
14 Stand Energy is actively marketing natural gas. Stand Energy is similar to
15 AEM except Stand Energy is privately owned and completely independent. AEM is
16 an unregulated subsidiary of its corporate parent, AEC.

17 Q. What prevents the unregulated marketing arm of a regulated utility, such as
18 AEM, from sharing lawyers, employees, etc. of AEC, the regulated utility
19 parent, in other states?

20 A. Most of the other states where Stand Energy Corporation serves customers have a
21 "Utility Code of Conduct" that has been adopted by the applicable State Utility
22 Regulatory Commission and/or legal ethics rules which prevent that type of dual
23 representation behavior whether at the legal level or the sales/operation
24 level. Even information sharing is prohibited to prevent bestowing a
25 competitive advantage upon the unregulated marketing subsidiary such as AEM.

26 Q. What services are shared by AEC and AEM that affect this docket?

1 A. Shared legal services and shared gas purchasing and supply services. Both of
2 these functions are paramount to maintaining the shifting of profits from AEC
3 to AEM. This is also conduct that will likely be examined by FERC enforcement.

4 Q. Does a utility code of conduct help prevent "regulatory evasion"?

5 A. Yes. Regulatory evasion refers to the forms of direct and indirect harm to
6 consumers caused by the exercise of market power by regulated utilities by the
7 regulated utilities' evasion of economically appropriate cost-based rate
8 regulation such as that advocated for AEC by Mr. Novak TRA Docket No. 07-00105.
9 Regulatory evasion is accomplished through anticompetitive discrimination by
10 regulated utilities in favor of their unregulated affiliates. Simply stated
11 this discrimination can occur in three ways: 1) purchases from affiliates at
12 inflated prices or; 2) sales to affiliates at below market prices or; 3) a
13 combination of both. For example, if AEC is purchasing gas from AEM this
14 practice is likely to increase AEC's costs (and rates) and discriminates
15 against independent suppliers of natural gas that offer lower prices for
16 equivalent or better service. If AEC is making preferential sales or provision
17 of services to AEM not available to other marketers, this practice will
18 increase the costs (and rates) of the utility while decreasing the costs and
19 increasing the profits of the Affiliate - AEM. Practices such as these also
20 discriminate against the competitors of AEM by charging them higher prices (for
21 services supplied by AEC) than the prices paid by AEM.

22 Q. Is Atmos any different than any other regulated utility in this respect?

23 A. No better and no worse. A rate-regulated parent company such as AEC with market
24 power has incentives to engage in such transactions. By shifting profits to
25 AEM, the affiliate, AEC evades rate regulation and exercises market power
26 resulting in its captive customers paying higher regulated rates to cover
27 inflated costs. This has been the documented experience of numerous other
28 states.

1 Q. Will AEC be able to continue shifting profits to AEM if the Tennessee
2 Regulatory Authority requires a level playing field between AEM and other
3 suppliers with no affiliation to AEC?

4 A. No. Competitors of AEM will quickly enter the market and begin acquiring
5 customers.

6 Q. How will the TRA be able to monitor whether AEC is treating AEM preferentially
7 compared to other suppliers?

8 A. The TRA should require changes to the tariff to make non-discriminatory
9 treatment a regulatory requirement and by regular reporting by AEC on the
10 imposition of any daily balancing penalties and accounting for all imbalance
11 penalty revenues.

12 Q. Are cost-based regulations alone sufficient to prevent abuses?

13 A. No. A utility whose exercise of market power is constrained by cost-based
14 rate regulation also may find it profitable to evade rate regulation by cross-
15 subsidizing the costs of its unregulated affiliates. This often involves for
16 example selling to an affiliate at below-market prices or providing better
17 service to the affiliate than to competitors of the affiliate.

18 Q. Can you give a specific example of cross-subsidization?

19 A. Yes. Stand Energy asked the following question in Interrogatory Stand-Atmos1-
20 19 in this docket. "During the past 12 months, please identify each day when
21 transportation customers provided a financial credit or system benefit to firm
22 sales customers? The interrogatory was objected to and not answered. After
23 Stand Energy filed a Motion To Compel, Atmos "voluntarily" agreed to provide a
24 supplemental response: "In the short time available since Stand submitted its
25 motion to compel revising this request, AEC has not yet been able to complete a
26 review of the data needed to provide a definitive answer to this question.
27 However, AEC believes it is probable that on each day of the past 12 months at
28 least one of Atmos' nearly 100 transportation customers had over delivered when

1 the system was short or at least one customer had under-delivered when the
2 system was long." This is not a complete answer to the question asked and AEC
3 has not yet supplemented the response, I therefore request the right to
4 supplement my testimony if and when a complete response to this interrogatory
5 is ever received from AEC. Notwithstanding the lack of data in the response,
6 the response provided by AEC is clearly an admission that transportation
7 customers are benefiting the AEC distribution system "each day" of the year.
8 This is an admission of cross-subsidization of other classes of customers by
9 Atmos gas transporting customers which are primarily served by AEM.

10 Q. Can you give a specific example of other possible abuses?

11 A. Yes. An employee of Stand Energy recently had a conversation with a customer
12 of AEM in the Commonwealth of Virginia, specifically Bristol, Virginia. This
13 customer is receiving service under Atmos Virginia Rate Schedule 640. Part of
14 that service allows the host utility to release capacity to the customer at a
15 "demand charge/cost" of \$12.00 times the amount of daily capacity released. In
16 this case the amount of capacity released is 400 MCF/Day to this customer off
17 the East Tennessee Pipeline for a monthly demand charge of \$4,800.00 paid to
18 AEM. However, a visit to the East Tennessee website does not show a
19 corresponding 400 MCF capacity release. In fact, ALL Atmos Energy Corporation
20 pipeline capacity on East Tennessee Pipeline appears to be released to AEM
21 exclusively. This raises the possibility that AEM is serving customers in
22 Virginia with pipeline capacity paid for by Tennessee ratepayers unless there
23 is an appropriate corresponding credit back to either AEC or the PGA from this
24 and probably other Bristol, Virginia Atmos customers. If there is no credit,
25 then one or more Virginia customers are receiving "zero cost capacity" paid for
26 by Tennessee ratepayers. Comparing the 25 month History of the Virginia Atmos
27 PGA, the Tennessee Atmos PGA and the NYMEX for each month, it appears Atmos is
28 selling gas below cost in Virginia. (Attached as Exhibit 2). While it is

possible that Atmos could produce proof of a long-term, low cost, gas purchase contract - but then Atmos would have to explain why those savings appear to be bestowed upon Virginia customers in a much greater degree than Tennessee customers.

Q. Can you give another example of facts that raise more questions?

A. Yes. A comparison of Atmos' distribution rates charged to businesses in Bristol, TN versus distribution rates charges to similar businesses in Bristol, VA. An AEC (TN) customer under Rate Schedule 250 pays about 80 cents/Mcf to transport gas to its facility in Bristol, TN. An AEC (VA) customer with approximately the same amount of usage only pays 35 cents/Mcf to transport the same volume of gas to his facility in Bristol, VA. While this large disparity may be due to differences in regulation by the respective State utility regulatory bodies, it is significant enough to warrant further investigation considering the city is essentially one physical distribution system served by the same interstate pipeline. There is also a very large disparity in commodity gas costs between Atmos TN and Atmos VA in the City of Bristol.

Q. Has AEC's regulatory evasion increased AEM's market share?

A. I believe that AEC is cross-subsidizing AEM which has allowed AEM to increase its market share by profitably taking sales from equally efficient or more efficient independent suppliers such as Stand Energy which are not affiliated with any utility in any way. Mr. Rob Ellis testified under oath before Hearing Officer Ron Jones on January 23, 2008 in TRA Docket No. 07-00225 that he did not know AEM's market share in Tennessee. When pressed, Atmos Vice-President Rob Ellis testified AEM's market share was approximately 25%. One of the provisions of the United Cities Code of Conduct allegedly adopted by Atmos requires candor in all communications with regulators.

Q. Has Stand Energy experienced behavior by AEC and AEM employees in Tennessee that would be a violation of the Utility Code of Conduct in other states?

1 A. Yes, Stand Energy Corporation has observed predatory behavior in Tennessee by
2 both AEC and AEM employees. Within the last year, Stand Energy Corporation
3 approached several large industrial users of natural gas in Tennessee to
4 discuss purchasing their gas from Stand Energy Corporation. These customers
5 were very interested in the pricing that Stand Energy was able to quote them.
6 These same customers then contacted AEC (the utility) to confirm that AEC would
7 transport Stand Energy's gas to the appropriate delivery point on AEC's system
8 for the customer. These customers reported back to Stand Energy they were told
9 by AEC employees that AEC could not guarantee deliveries of Stand Energy's gas
10 - implying Stand Energy might not be a reliable supplier to the unknowing
11 customer. In another case, a potential customer was almost immediately
12 contacted by a representative of the unregulated marketing arm, AEM, stating
13 that AEM could match Stand Energy's pricing offer. The customer had never
14 spoken with AEM. Therefore, Stand Energy's price offer was shared by AEC with
15 AEM. There is only one way that AEM became aware of Stand Energy's price
16 offering to this customer. This sort of predatory behavior is extremely anti-
17 competitive and a violation of federal anti trust laws.

18 Q. Does Stand Energy believe that AEM's predatory pricing behavior, made possible
19 by improper communication of information between AEC and AEM, is a violation of
20 Tennessee anti-trust laws?

21 A. Yes. Tenn. Code Ann. Section 47-25-101 Trusts, etc., lessening competition or
22 controlling prices unlawful and void. --

23
24 All arrangements, contracts, agreements, trusts, or combinations between
25 persons or corporations made with a view to lessen, or which tend to lessen,
26 full and free competition in the importation or sale of articles imported into
27 this state, or in the manufacture or sale of articles of domestic growth or of
28 domestic raw material, and all arrangements, contracts, agreements, trusts, or

1 combinations between persons or corporations designed, of which tend, to
2 advance, reduce, or control the price of the cost to the producer or consumer
3 of any such product or article, are declared to be against public policy,
4 unlawful and void.

5
6 Q. Does Tennessee Law provide a remedy for violations of that statute?

7
8 A. Yes. Tenn. Code Ann. Section 47-25-104 Charter forfeiture, or exclusion of
9 foreign corporations, for violations.--

10 (a) Any corporation chartered under the laws of the state which violates any
11 of the provisions of either Section 47-25-101 or 47-25-102 shall thereby
12 forfeit its charter and its franchise, and its corporate existence shall
13 thereupon cease.

14 (b) Every foreign corporation which commits such a violation is denied the
15 right to do, and is prohibited from doing business in this state.

16 (c) It is the duty of the attorney general and reporter to enforce these
17 provisions.

18 (emphasis added).

19 Q. Does Stand Energy support Mr. Novak's suggestion in TRA Docket No. 07-00105 for
20 a Transportation Storage Option?

21 A. Yes. Placing gas in storage is one of the few ways to "physically hedge"
22 against natural gas price volatility. AEC has excess storage capacity
23 available and that asset should be maximized to benefit the ratepayers who pay
24 for it via a reduction of the Purchased Gas Adjustment (PGA). Storage gas
25 availability would also help all gas marketers mitigate the disastrous affects
26 of daily balancing penalties and operational flow order (OFO) penalties
27 proposed by AEC. Many Stand Energy Corporation customers purchase storage
28

1 services so Stand Energy can manage their daily and monthly gas usage and avoid
2 daily and monthly imbalance penalties.

3 Q. Could the existing interstate pipeline and storage asset contracts held by AEC
4 accommodate a Transportation Storage Option?

5 A. Yes. Atmos' Tennessee Territory is divided into 4 distinct geographic areas
6 and these four systems are not "physically connected to each other" as
7 testified to by Rob Ellis at page 7 Line 11 of his pre-filed testimony.
8 However, the pipelines serving the four systems ARE physically interconnected
9 and these assets would accommodate the storage injections and withdrawals that
10 would accompany a Transportation Storage Option. East Tennessee's FERC Gas
11 Tariff, Third Revised Volume No. 1 with an effective date of January 1, 2008,
12 describes the following system characteristics:

13 "East Tennessee's system begins in central Tennessee and extends through
14 Virginia into North Carolina and south to Georgia. East Tennessee has
15 historically been composed of three (3) mainline segments referred to as Line
16 3100, Line 3200 and Line 3300. Lines 3100 and 3200 receive gas from Tennessee
17 Gas Pipeline Company ("Tennessee"), Texas Eastern Transmission, LP ("Texas
18 Eastern"), Columbia Gulf Transmission Company ("Columbia Gulf") and Southern
19 Natural Gas Company ("Sonat") and converge at a point near Knoxville,
20 Tennessee, know as "Topside Junction". From this location line 3300
21 transports gas in a Northeast direction to Roanoke, Virginia, with the Patriot
22 Extension of the mainline extending south into North Carolina, where East
23 Tennessee interconnects with Transcontinental Gas Pipe Line Corporation
24 ("Transco"). East Tennessee owns and operates an LNG storage tank near
25 Kingsport, Tennessee where gas is liquefied during the summer months and then
26 re-gasified during the winter peak days. East Tennessee connects to
27 underground storage fields owned and operated by Saltville Gas Storage Company,
28 L.L.C. ("Saltville"), Spectra Energy Early Grove Company ("Early Grove") and

1 Spectra Energy Virginia Pipeline Company. The East Tennessee System is
2 bidirectional from a location near Chattanooga, Tennessee, on line 3200 up to a
3 location near the intersection of Line 3400 and Line 3300 in Virginia. This is
4 due to receipts on both sides of the system, including local production along
5 this bidirectional section. " So although the 4 distinct systems are not
6 physically interconnected, the pipelines serving the 4 distinct systems are
7 physically interconnected.

8 Q. Is Mr. Rob Ellis correct when he states at page 10 line 5 of his pre-filed
9 testimony that transportation customers are being subsidized by the Company's
10 firms sales customers?

11 A. He should know, and the key fact to remember is that AEM is serving the
12 majority of transportation customers on the AEC system at the present time.
13 Only after the CAPD and AIG suggested there were problems with the way Atmos
14 was conducting business were changes proposed to Rate Schedule 260.
15 Interestingly -- the tariff changes proposed by AEC do not prevent AEC from
16 continuing to show preferential treatment to AEM and discriminate against other
17 unaffiliated suppliers/marketers. Atmos can promise (See, Rob Ellis pre-filed
18 Testimony page 11, line17) that AEC will enforce Rate Schedule 260 in a non-
19 discriminatory manner. Stand Energy would prefer that the legal requirement to
20 do so is written into and becomes part of the tariff itself.

21 Q. Should AEC be allowed to impose balancing penalties on gas marketers and their
22 Tennessee customers when AEC is not penalized by the relevant interstate
23 pipeline for that same conduct?

24 A. No. In many states we have described the appropriate policy as "No Harm No
25 Foul". When penalties are incurred, they should be based upon, and related to,
26 actual costs incurred by AEC. If no additional costs are incurred by AEC, no
27 penalties should result. Any penalties imposed should be based only on the
28 costs incurred by AEC.

1 Q. Has Stand Energy ever seen an unregulated utility affiliate, such as AEM,
2 successfully manage the transportation assets of the host utility, in this case
3 AEC, to the benefit of ratepayers?

4 A. No. The most recent example we are aware of is in Ohio with Vectren the
5 utility and ProLiance the unregulated affiliate and asset manager. ProLiance
6 simply could not stop helping itself to assets paid for by the Vectren
7 ratepayers. Now, only several years removed from the discovery of that bad
8 conduct, ProLiance is no longer managing Vectren's assets and Vectren is now
9 completely "exiting the merchant function" in Ohio.

10 Q. What affect would be realized by unbundling Atmos' interstate pipeline capacity
11 assets?

12 A. One affect should be the reduction in the volume of natural gas required to be
13 used on a daily or annual basis in order to purchase the gas commodity from a
14 competing supplier and transport it to their facility. If Atmos would reduce
15 volumetric requirements, many more Tennessee commercial and industrial
16 customers would be able to transport gas and benefit from increased competition
17 in the supply of gas. Smaller non-transporting customers would also benefit if
18 the revenues from gas marketers were used to reduce interstate pipeline demand
19 costs for the smaller non-transporting customers as suggested by Mr. Novak in
20 his testimony in TRA Docket No.07-00105.

21 Q. Should Atmos consider allowing suppliers to aggregate customers and customer
22 deliveries?

23 A. Absolutely. It is incredibly inefficient to treat every single transportation
24 customer individually. Nevertheless, this appears to be the method currently
25 utilized by Atmos. Suppliers should be allowed to aggregate their customers
26 into "pools". Pools allow for group nominations as well as the sharing of over
27 and under-deliveries and require a single adjustment by the supplier to
28

1 "balance" the entire pool as opposed to an adjustment for every single customer
2 in the aggregation.

3 **Q. How important is telemetry for gas transportation customers?**

4 **A.** Stand Energy's experience is that the utility, the customer and the gas
5 marketer/supplier can much better manage gas supply issues, especially on
6 systems with daily balancing requirements, with real-time gas measurement
7 (telemetry) from the customer's meter set. There are numerous types of
8 telemetry equipment available on the market. Basically it's a modem attached to
9 the gas meter with a phone line which sends a signal via the phone line or
10 internet to the gas supplier. The gas supplier then uses that data to adjust
11 gas deliveries, in real time, either up or down to avoid utility imbalance
12 penalties. Stand Energy believes that AEC should only be allowed to charge
13 customers the actual cost of the least expensive telemetry equipment capable of
14 performing the needed task. The amount and term of customer telemetry
15 payments should be reasonable and not restrictive. Operational Flow Order and
16 banking and balancing penalties should not be imposed until the large
17 transporting customers have telemetry installed and operational.

18 **Q. Do you have any final comments?**

19 **A.** Yes, the Tennessee Regulatory Authority should hold Mr. Ellis to his commitment
20 contained in his pre-filed testimony at page 12, line 8, where he says the
21 company "will not and cannot allow the activities of any transportation
22 customer or marketer to interfere with the Company's paramount firm service
23 obligations." I submit that is an accurate description of AEM's behavior and
24 which behavior did not require Rate Schedule 260 in order to be stopped.
25 There is additional substantiation for my belief that there is cross-
26 subsidization of AEM by AEC, that regulatory evasion is increasing AEM market
27 share and that a transportation storage option is viable contained in AEC's
28 Responses and Confidential Responses to Stand 1-6 and Atmos' Confidential

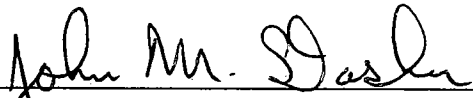
1 Response to Stand 1-10. Due to the confidential nature of these responses, I
2 will not discuss them in my public testimony, but request that this information
3 be included in the record and reserve the right to discuss it under
4 circumstances where the information will remain protected.

5 Q. Does this conclude your testimony?

6 A. Yes.

VERIFICATION

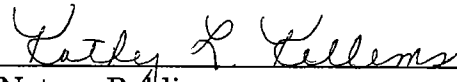
I, John M. Dosker, declare that I am authorized by Stand Energy Corporation to testify on its behalf, that I have prepared the foregoing written testimony and that the statements contained therein are true and correct to the best of my knowledge, information and belief.



John M. Dosker
General Counsel
Stand Energy Corporation

STATE OF OHIO)
)
COUNTY OF HAMILTON)

Sworn to and subscribed before me this 25th day of January, 2008.



Notary Public
My Commission Expires: _____

KATHY L. KELLEMS
Notary Public, State of Ohio
My Commission Expires
February 7, 2011

EXHIBIT 1

8-K 1 d8k.htm FORM 8-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

**Current Report Pursuant to Section 13 or
15(d) of the Securities Exchange Act of 1934**

December 13, 2007
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA
(State or Other Jurisdiction
of Incorporation)

1-10042
(Commission File Number)

75-1743247
(I.R.S. Employer
Identification No.)

**1800 THREE LINCOLN CENTRE,
5430 LBJ FREEWAY, DALLAS, TEXAS**
(Address of Principal Executive Offices)

75240
(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events.

On December 13, 2007, Atmos Energy Corporation, our Mid-Tex Division, and our affiliate, Atmos Energy Marketing, LLC (together with its predecessor, Woodward Marketing, L.L.C.), received data requests from the Division of Investigations of the Office of Enforcement of the Federal Energy Regulatory Commission (the "Commission") in connection with its investigation into possible violations of the Commission's posting and competitive bidding regulations for pre-arranged released firm capacity on natural gas pipelines. The data requests include requests for information and documents concerning specified short-term capacity release transportation transactions involving these companies. We intend to respond to the data requests and fully cooperate with the Commission in its investigation.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: December 19, 2007

By: /s/ LOUIS P. GREGORY
Louis P. Gregory
Senior Vice President and General Counsel

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EXHIBIT 2

**TENNESSEE EXCLUDING UNION CITY
PURCHASE GAS ADJUSTMENT (PGA)
TWENTY-FIVE MONTH HISTORY
(All rates are in Ccf)**

Rates Applicable to Firm customers			
MONTH	GCA	SAM	TOTAL PGA
January-06	1.6938	0.0008	1.6946
February-06	1.2659	0.0008	1.2667
March-06	1.1065	0.0008	1.1073
April-06	0.9350	(0.0026)	0.9324
May-06	0.9868	(0.0026)	0.9842
June-06	0.8797	(0.0026)	0.8771
July-06	0.8797	(0.0026)	0.8771
August-06	0.8797	(0.0026)	0.8771
September-06	0.8797	(0.0026)	0.8771
October-06	0.9809	(0.0026)	0.9783
November-06	0.9809	(0.0026)	0.9783
December-06	0.9809	(0.0026)	0.9783
January-07	0.9809	(0.0026)	0.9783
February-07	0.9809	(0.0026)	0.9783
March-07	0.8818	(0.0026)	0.8792
April-07	0.9393	(0.0043)	0.9350
May-07	0.9393	(0.0043)	0.9350
June-07	0.9393	(0.0043)	0.9350
July-07	0.9393	(0.0043)	0.9350
August-07	0.8699	(0.0043)	0.8656
September-07	0.7826	(0.0043)	0.7783
October-07	0.8678	(0.0043)	0.8635
November-07	0.8678	(0.0043)	0.8635
December-07	0.8678	(0.0043)	0.8635
January-08	0.8678	(0.0043)	0.8635

Rates Applicable to Non Firm customers			
MONTH	GCA	SAM	TOTAL PGA
January-06	1.5386	0.0008	1.5394
February-06	1.1100	0.0008	1.1108
March-06	0.9287	0.0008	0.9295
April-06	0.7750	(0.0026)	0.7724
May-06	0.8341	(0.0026)	0.8315
June-06	0.7538	(0.0026)	0.7512
July-06	0.7538	(0.0026)	0.7512
August-06	0.7538	(0.0026)	0.7512
September-06	0.7538	(0.0026)	0.7512
October-06	0.8382	(0.0026)	0.8356
November-06	0.8382	(0.0026)	0.8356
December-06	0.8382	(0.0026)	0.8356
January-07	0.8382	(0.0026)	0.8356
February-07	0.8382	(0.0026)	0.8356
March-07	0.7436	(0.0026)	0.7410
April-07	0.7951	(0.0043)	0.7908
May-07	0.7951	(0.0043)	0.7908
June-07	0.7951	(0.0043)	0.7908
July-07	0.7951	(0.0043)	0.7908
August-07	0.7287	(0.0043)	0.7244
September-07	0.6432	(0.0043)	0.6389
October-07	0.7219	(0.0043)	0.7176
November-07	0.7219	(0.0043)	0.7176
December-07	0.7219	(0.0043)	0.7176
January-08	0.7219	(0.0043)	0.7176

Rates Applicable to 211 Heating and Cooling			
MONTH	GCA	SAM	TOTAL PGA
January-06	1.5524	0.0008	1.5532
February-06	1.1239	0.0008	1.1247
March-06	0.9419	0.0008	0.9427
April-06	0.7880	(0.0026)	0.7854
May-06	0.8472	(0.0026)	0.8446
June-06	0.7663	(0.0026)	0.7637
July-06	0.7663	(0.0026)	0.7637
August-06	0.7663	(0.0026)	0.7637
September-06	0.7663	(0.0026)	0.7637
October-06	0.8511	(0.0026)	0.8485
November-06	0.8511	(0.0026)	0.8485
December-06	0.8511	(0.0026)	0.8485
January-07	0.8511	(0.0026)	0.8485
February-07	0.8511	(0.0026)	0.8485
March-07	0.7562	(0.0026)	0.7536
April-07	0.8080	(0.0043)	0.8037
May-07	0.8080	(0.0043)	0.8037
June-07	0.8080	(0.0043)	0.8037
July-07	0.8080	(0.0043)	0.8037
August-07	0.7414	(0.0043)	0.7371
September-07	0.6558	(0.0043)	0.6515
October-07	0.7345	(0.0043)	0.7302
November-07	0.7345	(0.0043)	0.7302
December-07	0.7345	(0.0043)	0.7302
January-08	0.7345	(0.0043)	0.7302

Rates Applicable to Rate Schedule 240		
MONTH	Demand	Commodity
January-06	1.5553	1.5394
February-06	1.5553	1.1108
March-06	1.9186	0.9295
April-06	1.7710	0.7724
May-06	1.6702	0.8315
June-06	1.4665	0.7512
July-06	1.4665	0.7512
August-06	1.4665	0.7512
September-06	1.4665	0.7512
October-06	1.5803	0.8356
November-06	1.5803	0.8356
December-06	1.5803	0.8356
January-07	1.5803	0.8356
February-07	1.5803	0.8356
March-07	1.5692	0.7410
April-07	1.5618	0.7908
May-07	1.5618	0.7908
June-07	1.5618	0.7908
July-07	1.5618	0.7908
August-07	1.5885	0.7244
September-07	1.5885	0.6389
October-07	1.6581	0.7176
November-07	1.6581	0.7176
December-07	1.6581	0.7176
January-08	1.6581	0.7176

VIRGINIA
PURCHASE GAS ADJUSTMENT (PGA)
TWENTY_FIVE MONTH HISTORY
 (All rates are in Ccf)

Rates Applicable to Firm customers			
MONTH	PGA	ACA	TOTAL PGA
January-06	1.7008	(0.0218)	1.6790
February-06	1.1750	(0.0218)	1.1532
March-06	0.9823	(0.0218)	0.9605
April-06	0.8247	(0.0218)	0.8029
May-06	0.8954	(0.0218)	0.8736
June-06	0.7326	(0.0218)	0.7108
July-06	0.7420	(0.0218)	0.7202
August-06	0.7197	(0.0218)	0.6979
September-06	0.8320	(0.0218)	0.8102
October-06	0.7356	(0.0218)	0.7138
November-06	0.8833	(0.0218)	0.8615
December-06	1.0752	(0.0218)	1.0534
January-07	1.0249	(0.1090)	0.9159
February-07	0.9309	(0.1090)	0.8219
March-07	0.9887	(0.1090)	0.8797
April-07	0.9423	(0.1090)	0.8333
May-07	1.0073	(0.1090)	0.8983
June-07	1.0321	(0.1090)	0.9231
July-07	1.0436	(0.1090)	0.9346
August-07	0.8946	(0.1090)	0.7856
September-07	0.8776	(0.1090)	0.7686
October-07	0.8731	(0.0976)	0.7755
November-07	0.9970	(0.0976)	0.8994
December-07	1.0622	(0.0976)	0.9646
January-08	0.9781	(0.0976)	0.8805

Rates Applicable to Non Firm customers			
MONTH	PGA	ACA	TOTAL PGA
January-06	1.5280	(0.0172)	1.5108
February-06	1.0046	(0.0172)	0.9874
March-06	0.8152	(0.0172)	0.7980
April-06	0.6663	(0.0172)	0.6491
May-06	0.7337	(0.0172)	0.7165
June-06	0.5681	(0.0172)	0.5509
July-06	0.5738	(0.0172)	0.5566
August-06	0.5134	(0.0172)	0.4962
September-06	0.6254	(0.0172)	0.6082
October-06	0.5264	(0.0172)	0.5092
November-06	0.6750	(0.0172)	0.6578
December-06	0.8668	(0.0172)	0.8496
January-07	0.8188	(0.1092)	0.7096
February-07	0.7312	(0.1092)	0.6220
March-07	0.7834	(0.1092)	0.6742
April-07	0.7302	(0.1092)	0.6210
May-07	0.8026	(0.1092)	0.6934
June-07	0.8267	(0.1092)	0.7175
July-07	0.8402	(0.1092)	0.7310
August-07	0.6912	(0.1092)	0.5820
September-07	0.6731	(0.1092)	0.5639
October-07	0.6695	(0.0697)	0.5998
November-07	0.7929	(0.0697)	0.7232
December-07	0.8568	(0.0697)	0.7871
January-08	0.7695	(0.0697)	0.6998

Rates Applicable to Schedule 640 Demand	
MONTH	DEMAND
January-06	1.1717
February-06	1.1717
March-06	1.1717
April-06	1.1636
May-06	1.1636
June-06	1.1636
July-06	1.1636
August-06	1.2839
September-06	1.2839
October-06	1.3379
November-06	1.3379
December-06	1.3394
January-07	1.3943
February-07	1.2004
March-07	1.2004
April-07	1.2004
May-07	1.2004
June-07	1.2004
July-07	1.2004
August-07	1.2004
September-07	1.2004
October-07	1.1186
November-07	1.1186
December-07	1.1186
January-08	1.1186

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pre-filed testimony were 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 January 25, 2008.

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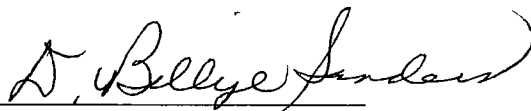
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