

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

April 2, 2007

*In re: Atmos Energy Corporation, Tariff Filing to)
Modify and Add Language Regarding) Docket No. 07-00020
Transportation Service (Tariff No. 2007-0021))*

**COMPLAINT OF ATMOS INTERVENTION GROUP
AGAINST ATMOS ENERGY CORPORATION**

Pursuant to TRA Rule 1220-1-2-.02(4) and T.C.A. §§65-4-117 and 65-5-103, the Atmos Intervention Group (“AIG”)¹ files this complaint concerning the above-captioned tariff filed by Atmos Energy Corporation (“Atmos”)² on January 10, 2007.

Among other things,³ the proposed tariff creates a new “daily scheduling fee” which Atmos may impose upon transportation customers for taking more (or less) gas, measured on a daily basis, than the customer has ordered. No other regulated gas company in Tennessee charges a “daily scheduling fee.” Atmos has also proposed a new \$25 per dekatherm charge which transportation customers must pay for taking more (or less) gas on an “hourly or daily” basis in violation of an Operational Flow Order (“OFO”) issued by the company. Atmos has refused to disclose the additional revenue the company anticipates from imposing this new

¹ AIG is an informal coalition of Tennessee customers who purchase natural gas and gas transportation services from Atmos. AIG members therefore have an interest in this proposed tariff which sets terms and conditions for the purchase of gas transportation services. At this time, AIG members are Goodyear Tire and Rubber Company (Union City plant), Koch Foods, Berkline, Laughlin Memorial Hospital, Williamson Medical Center, Takoma Adventist Hospital, Maury County Regional Hospital, Mountain States Health Systems (four hospitals) and Wellmont Health System (six hospitals).

² Atmos is a distributor of natural gas operating in Tennessee under the jurisdiction of the Tennessee Regulatory Authority.

³ The proposed tariff also includes a provision which will allow independent marketers to pool their gas purchases on a monthly basis to avoid imbalances and any associated penalties. AIG does not oppose that portion of the tariff.

penalty.⁴ Similarly, Atmos has refused to disclose what costs, if any, Atmos incurs in connection with these overruns or shortfalls.⁵ To the knowledge of AIG, the pipelines serving Atmos do not impose daily balancing fees or penalties. Therefore, the additional revenue would be a windfall to Atmos.

As a practical matter, it is not possible for most transportation customers to avoid occasional imbalances within “hourly or daily” periods. Therefore, those customers will incur additional fees and penalties under this tariff which will effectively increase rates for Atmos’ transportation customers. By increasing the rates and penalties paid by transportation customers, Atmos also aggravates the underlying problem created by the fact that Atmos Energy Marketing (“AEM”), an affiliate of Atmos Energy Corporation, does not have to pay any such fees or penalties. AIG understands that AEM is allowed to adjust retroactively its orders to match the volumes taken by its transportation customers so that, by definition, AEM never takes more or less gas than its transportation customers use. The proposed addition of a daily scheduling fee and the proposed imposition of a \$25 per dth penalty only make this discrimination problem worse.

Since this tariff proposal will effectively increase rates paid by transportation customers, this docket must, by statute, be considered a contested case proceeding. (“The fixing of rates shall be deemed a contested case.” T.C.A. §65-21-101(2); see also T.C.A. §65-5-103(a).) Atmos is also required to file an explanation of the reason for the proposed change and to publish

⁴ A Staff data request, issued January 26, 2007, asked Atmos to “estimate the annual revenue generated from assessed penalties” under this proposed tariff. In a response filed on January 31, 2007, Atmos declined to provide any such estimate.

⁵ On January 26, 2007 the Staff asked if Atmos incurs “any costs in connection with” unauthorized overruns or unauthorized deliveries and to estimate that annual cost. In a response filed January 31, 2007, Atmos said only that the company “could” be subject to penalties from the pipelines but provided no estimate of what those costs might be.

notice of the proposed increase “in a newspaper of general circulation located in the utility’s service area.” TRA Rules 1220-4-1-.05 and .06. To the knowledge of AIG, Atmos has not complied with either requirement.

Finally, the tariff pages filed by Atmos include a 2% shrinkage charge to transportation customers. AIG believes that neither Nashville Gas nor Chattanooga Gas charge for shrinkage (estimated gas lost in transport) but fully recover for any shrinkage loss through the PGA. Since Atmos’ shrinkage fee is already contained in the company’s current tariff, AIG acknowledges that Atmos is not required to demonstrate in this filing that this additional fee charged to transportation customers is just and reasonable. If, however, the TRA decides to conduct a contested case hearing on the proposed daily balancing fees and penalties, AIG intends to present evidence showing that the company’s existing shrinkage charge is unreasonable and should be eliminated.

Conclusion

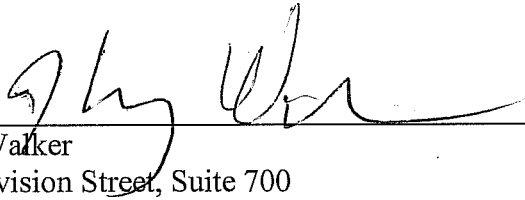
For these reasons, AIG asks that the proposed daily balancing fee and associated penalties be rejected. The company has failed to (1) file with the tariff “a brief explanation of the character of and reason for” the proposed changes as required by TRA Rule 1220-4-1-.06 and (2) publish notice of the proposed change in a newspaper of general circulation as required by TRA Rule 1220-4-1-.05(1).

If the TRA does not reject out-of-hand the proposed daily balancing fee and associated penalties, AIG asks that the TRA convene a contested case proceeding to consider whether these proposals are just and reasonable. In that proceeding, AIG will also present evidence concerning the reasonableness of Atmos’ shrinkage fee.

On the other hand, if the company intends to file a new, general rate case on or about May 1, 2007, (as it has indicated it will do) AIG suggests that these tariff proposals to which AIG has objected could be considered in that upcoming case.

Respectfully submitted,
BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: _____

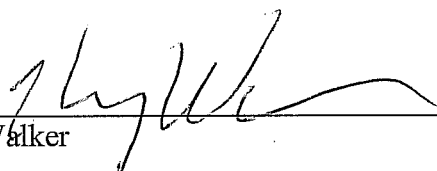

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing is being forwarded via U.S. mail, to:

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on this the 2nd day of April, 2007.



Henry Walker