

**IN THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

In re: Petition of Atmos Energy Corporation                    )  
for Approval of Tariff Establishing Environmental        )       Docket No. 07-00081  
Cost Recovery Rider    )

**FIRST DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND  
PROTECTION DIVISION TO ATMOS ENERGY CORPORATION**

To:   Atmos Energy Corporation  
      c/o William T. Ramsey  
      A. Scott Ross  
      Neal & Harwell, PLC  
      One Nashville Place, Suite 2000  
      150 Fourth Avenue North  
      Nashville, TN 37219

This Discovery Request is hereby served upon Atmos Energy Corporation, (“Atmos” or “Company”), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Joe Shirley.

**PRELIMINARY MATTERS AND DEFINITIONS**

Each discovery request calls for all knowledge, information and material available to Company, as a party, whether it be Company’s, in particular, or knowledge, information or material possessed or available to Company’s attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Company which would make a prior

response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that Company supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Atmos Energy Corporation and all employees, agents and representatives thereof.

The term "person" or "persons" as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company's response. Moreover, the company's designated person for responding must

assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term “identity” and “identify” as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term “document” as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, workpaper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state

what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have

reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

### **FIRST DISCOVERY REQUESTS**

1. Please identify each person whom you expect to call as an expert witness at the hearing on the merits in this matter, and for each such expert witness:
  - (a) Identify the field in which the witness is to be offered as an expert;
  - (b) Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
  - (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
  - (d) Provide the grounds (including without limitation any factual bases) for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
  - (e) Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
  - (f) Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;

- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Please produce copies of 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 any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

RESPONSE:

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

RESPONSE:

- 3. Please produce copies of all documents referred to or relied upon in responding to these discovery requests.

RESPONSE:

- 4. Please produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits in this matter.

RESPONSE:

- 5. Please produce copies of all documents -- including, without limitation, workpapers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- that

you contend support the factual assertions, conclusions, or opinions of any of your witnesses in this matter.

RESPONSE:

6. Please produce copies of all documents -- including, without limitation, workpapers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

RESPONSE:

7. Please produce copies of all documents -- including, without limitation, workpapers, spreadsheets, summaries, charts, notes, and exhibits -- created by or for or prepared by or for any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

RESPONSE:

8. Identify all information, documents and things filed in the present docket record, including all responses to discovery of the parties and data request from the TRA Staff, which Atmos produced in this docket and does not agree to stipulate to the authenticity of such information, documents and things in this proceeding. For each separate piece of information, documents and things which Atmos produced in this docket and Atmos

contends is not admissible as evidence describe in specific detail any objection(s) Atmos claims as to admissibility into the evidentiary record in this matter.

RESPONSE:

9. Did the price that Atmos paid for the acquisition and merger of United Cities Gas Company into Atmos take into consideration any discount for the environmental liabilities of United Cities Gas Company? Please explain your answer in detail, including but not confined to, the amount of and the procedures used to arrive at any such discount, or the specific reasons why the environmental liabilities were not considered in the business valuation of United Cities Gas Company.

RESPONSE:

10. Please produce a copy of the last financial report of United Cities Gas Company immediately prior to its acquisition by Atmos, including, but not confined to, a balance sheet, an income statement, and the notes to the financial statements.

RESPONSE:

11. Please produce a copy of all documents related to any business valuations of United Cities Gas Company performed in connection with Atmos's acquisition of United Cities Gas Company.

RESPONSE:



12. Please produce a copy of all closing documents related to Atmos's acquisition of United Cities Gas Company, including, but not confined to, all documents related to actual or potential environmental claims, litigation, liabilities or issues.

RESPONSE:

13. Please produce a copy of all environmental audits, studies or consultant reports involving environmental issues performed in connection with Atmos's acquisition of United Cities Gas Company.

RESPONSE:

14. Please produce a copy of all environmental audits, studies or consultant reports involving the environmental remediation sites that are the subject of this proceeding or otherwise affecting the environmental issues in this proceeding

RESPONSE:

15. Please produce a copy of all documents related to any requests or claims for reimbursement, offset, payment or compensation of costs related to actual or planned environmental remediation activities in Tennessee from 1993 through 2007 from any federal or state governmental entity or fund administered by any federal or state governmental entity, insurance company, previous property owner (including the prior owners of United Cities Gas Company), or other third-party.

RESPONSE:

16. Please produce a copy of all documents related to any actual or potential insurance claims related to actual or planned environmental remediation activities in Tennessee from 1993 through 2007, including, but not confined to, insurance recoverability studies, insurance policies, insurance claim forms, and correspondence with insurance companies.

RESPONSE:

17. Please disclose the date, payor's name, and amount received as a result of any requests or claims for reimbursement, offset, payment or compensation of costs related to actual and planned environmental remediation activities in Tennessee from 1993 through 2007 from any federal or state governmental entity or fund administered by any federal or state governmental entity, insurance company, previous property owner (including the prior owners of United Cities Gas Company), or other third-party.

RESPONSE:

18. Please provide a schedule that classifies the individual charges that constitute the "total deferred costs" of \$2,714,756.72 into the following categories: (a) charges by independent contractors or outside vendors related directly to the clean-up and remediation of the environmental hazard existing at the affected sites; (b) charges for work performed by employees, agents, or affiliates of Atmos or United Cities Gas Company related directly to the clean-up and remediation of the environmental hazard existing at the affected sites; (c) charges for legal fees; (d) charges for fines or civil penalties; (e) charges for payments of

judgments or claims; (f) administrative charges; and (g) other charges (please provide a detailed description of costs classified as other charges).

RESPONSE:

19. Please provide a schedule that shows the amount of the “total deferred costs” of \$2,714,756.72 accumulated for each of the years from 1993 through 2007.

RESPONSE:

20. Please provide a copy of the vendor invoices, statements, or other source documents for the individual charges that constitute the “total deferred costs” of \$2,714,756.72, including, but not confined to, the charges identified in Schedule GW-3.

RESPONSE:

21. Please provide a copy of the United Cities Gas Company application or petition, as well as a copy of all other pleadings and documents, filed in TPSC Docket No. 94-02529, *In re: Application of United Cities Gas Company for the Deferral of Accounts Incurred in Connection with Environmental Control Requirements*.

RESPONSE:

22. Please provide a copy of the environmental control requirements and regulations that are the subject of TPSC Docket No. 94-02529, *In re: Application of United Cities Gas Company for the Deferral of Accounts Incurred in Connection with Environmental Control Requirements*.

RESPONSE:

23. The Order entered in TPSC Docket No. 94-02529 stated, “United Cities is not requesting approval of any ratemaking treatment of these costs at this time. The review and appropriate disposition of these costs would be reserved for and determined in the Company’s next application for adjustment of its rates and charges . . . [United Cities] states that this issue will be reserved for determination in its next rate case, at which time a hearing may be had.” Please provide a copy of all documents relating to this issue filed in TPSC Docket No. 95-02258, *In re: Petition of United Cities Gas Company 1995 General Rate Increase*.

RESPONSE:

24. Please provide a copy of the general ledger account(s) for each fiscal year ending September 30 that accumulates to the \$2,364,756.72 recorded as of September 30, 2006, referenced in Schedule GW-3, as well as a copy of the financial source document supporting each journal entry recorded therein.

RESPONSE:

25. Please provide a schedule detailing the \$797,750.77 total “General Ledger Balance at time of system conversion following acquisition of UCG by Atmos, October, 1998,” referenced in Schedule GW-3, including Date, Vendor, Invoice Number, and Amount for each individual charge.

RESPONSE:

26. Please provide the cost of removal for each of the underground storage tanks.

RESPONSE:

27. Please describe in detail the particular purpose(s) for which the gasoline and diesel were used for each of the underground storage tanks that are the subject of this proceeding. Include in your description for each underground storage tank whether the tank was ever used at all by Atmos or United Cities Gas Company, whether the tank was ever used to support any non-regulated operation, and whether the tank was ever used to support any operation in any state jurisdiction other than Tennessee.

RESPONSE:

28. Were the gasoline and diesel stored in the underground storage tanks that are the subject of this proceeding used exclusively for Tennessee intrastate regulated operations? Please explain your answer.

RESPONSE:

29. Schedule GW-1 states in part, "United Cities purchased this property located at 118 Second Avenue North, Franklin, Tennessee on December 30, 1988. As part of the property acquisition, United Cities acquired an 8,000 gallon underground storage tank which contained diesel fuel. At the time United Cities acquired the diesel tank, it no longer was in use." Please state your reasons for requesting Tennessee ratepayers to pay for the removal of an underground storage tank that was never used and useful for the provisioning of regulated natural gas services.

RESPONSE:

30. Please produce a copy of all closing documents related to United Cities Gas Company's purchase of the property located at 118 Second Avenue North, Franklin, Tennessee including, but not confined to, all documents related to actual or potential environmental claims, litigation, liabilities or issues.

RESPONSE:

31. Approximately when were the MGP sites in Johnson City and Bristol placed into service and approximately when were these plants taken out of service?

RESPONSE:

32. Please describe in detail the uses of the gas that was manufactured at the MGP sites in Johnson City and Bristol. Please include in your description the various types of customers that used the gas (e.g., residential, business, industrial, municipal, etc.) and the primary uses of the gas (e.g., heating, lighting, manufacturing, etc.).

RESPONSE:

33. Was any of the gas manufactured at the MGP site in Bristol used to serve any customers (including the City of Bristol, VA) located in Virginia? If so, approximately what percentage of manufactured gas was used to serve customers in Virginia?

RESPONSE:

34. Has Atmos or United Cities Gas Company ever made any request to the Commonwealth of Virginia, State Corporation Commission, or any other Virginia governmental agency, for any type of cost recovery or ratemaking treatment related to any actual or planned environmental remediation activities for underground storage tanks or MGP sites located in Kingsport, Johnson City, or Bristol? If so, please provide a copy of all documents related to each such request, as well as the status and disposition of each such request.

RESPONSE:

35. Have any multi-state jurisdictional costs related to environmental remediation activities for underground storage tanks or MGP sites been incurred? If so, please identify all such costs and explain how these costs were allocated to the affected state jurisdictions.

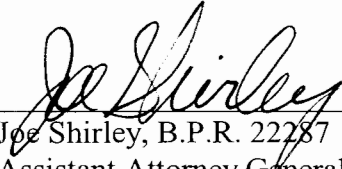
RESPONSE:

36. Please provide the address or location of the property containing each underground storage tank and each MGP site that are the subject of this proceeding, and for each such address or location please describe in detail the particular use(s) of the property since January 1, 1990, including, but not confined to, the property's present use.

RESPONSE:

Respectfully submitted,

Robert E. Cooper, Jr.  
Attorney General and Reporter  
State of Tennessee



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Joe Shirley, B.P.R. 22287  
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Office of the Attorney General  
Consumer Advocate and Protection Division  
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(615) 741-3549

Dated: June 15, 2007

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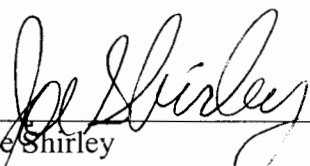
## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail, electronic mail, or facsimile on June 15, 2007 to:

Patricia Childers  
Vice President, Rates & Regulatory Affairs  
Mid-States Division  
Atmos Energy Corporation  
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Joe Shirley  
Assistant Attorney General