

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

**June 1, 2007**

<i>In re: Petition of Atmos Energy Corporation for</i>	)	filed electronically 6/1/07 @ 11:50am
<i>Approval of Adjustment of Its Rates and Revised</i>	)	
<i>Tariff</i>	)	Docket No. 07-00105

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**ATMOS INTERVENTION GROUP'S FIRST ROUND OF DISCOVERY  
TO  
ATMOS ENERGY CORPORATION**

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The Atmos Intervention Group ("AIG"), a group of large customers who purchase natural gas from Atmos Energy Corporation, hereby serves the following discovery requests to Atmos Energy Corporation ("Atmos" or the "Company").

**DEFINITIONS**

1. "Atmos" means Atmos Energy Corporation, and its parents, subsidiaries, and affiliates, their present and former officers, employees, agents, representatives, directors, and all other persons acting or purporting to act on behalf of Atmos Energy Corporation.
2. The terms "you" and "your" refer to Atmos.
3. "AIG" means Atmos Intervention Group, a consortium of customers of Atmos.
4. The term "person" means any natural person, corporation, corporate division, partnership, other unincorporated association, trust, government agency, or entity.
5. The term "document" shall have the broadest possible meaning under applicable law. "Document" means every writing or record of every type and description that is in the possession, custody or control of Atmos, including, but not limited to, correspondence, memoranda, drafts, workpapers, summaries, stenographic or handwritten notes, studies,

publications, books, pamphlets, reports, surveys, minutes or statistical compilations, computer and other electronic records or tapes or printouts, including, but not limited to, electronic mail files; and copies of such writings or records containing any commentary or notation whatsoever that does not appear in the original. The term "document" further includes, by way of illustration and not limitation, schedules, progress schedules, time logs, drawings, computer disks, charts, projections, time tables, summaries of other documents, minutes, surveys, work sheets, drawings, comparisons, evaluations, laboratory and testing reports, telephone call records, personal diaries, calendars, personal notebooks, personal reading files, transcripts, witness statements and indices.

6. The term "referring or relating to" means consisting of, containing, mentioning, suggesting, reflecting, concerning, regarding, summarizing, analyzing, discussing, involving, dealing with, emanating from, directed at, pertaining to in any way, or in any way logically or factually connected or associated with the matter discussed.

7. "And" and "or" as used herein shall be construed both conjunctively and disjunctively and each shall include the other whenever such construction will serve to bring within the scope of these discovery requests any information that would otherwise not be brought within their scope.

8. "Affiliate" or "affiliated" means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another entity.

9. "Identify" or "identifying" or "identification" when used in reference to a document means to provide with respect to each document requested to be identified by these discovery requests a description of the document that is sufficient for purposes of a request to produce or a subpoena duces tecum, including the following:

- a) the type of document (e.g., letter, memorandum, etc.);
- b) the date of the document;
- c) the title or label of the document;
- d) the Bates number or other identifier used to number the document for use in litigation;
- e) the identity of the originator;
- f) the identity of each person to whom it was sent;
- g) the identity of each person to whom a copy or copies were sent;
- h) a summary of the contents of the document;
- i) the name and last known address of each person who presently has possession, custody or control of the document; and
- j) if any such document was, but is no longer, in your possession, custody or control or is no longer in existence, state whether it: (1) is missing or lost; (2) has been destroyed; or (3) has been transferred voluntarily or involuntarily, and, if so, state the circumstances surrounding the authorization for each such disposition and the date of such disposition.

### **GENERAL INSTRUCTIONS**

1. If you contend that any response to any data request may be withheld under the attorney-client privilege, the attorney work product doctrine or any other privilege or basis, please state the following with respect to each such response in order to explain the basis for the claim of privilege and to permit adjudication of the propriety of that claim:

- a) the privilege asserted and its basis;
- b) the nature of the information withheld;

- c) the subject matter of the document, except to the extent that you claim it is privileged.

2. These discovery requests are to be answered with reference to all information in your possession, custody or control or reasonably available to you. These discovery requests are intended to include requests for information, which is physically within your possession, custody or control as well as in the possession, custody or control of your agents, attorneys, or other third parties from which such documents may be obtained.

3. If any data request cannot be answered in full, answer to the extent possible and specify the reasons for your inability to answer fully.

4. For each data request, provide the name of the company witness(es) or employee(s) responsible for compiling and providing the information contained in each answer.

### **DISCOVERY REQUESTS**

1. Provide a copy of all documents already provided to the TRA Staff and Consumer Advocate & Protection Division to date during the course of this docket. Also provide a description of all meetings with either the TRA Staff or Consumer Advocate & Protection Division where the filing of this present rate case was discussed, including the date of meeting, topics discussed and individuals attending.

### **RESPONSE**

2. Provide an income statement for the 12 months ended December 31, 2005 and December 31, 2006 and balance sheet at December 31, 2005 and December 31, 2006 for each state regulated utility owned or operated by Atmos. Also provide an income statement for the 12 months ended December 31, 2005 and December 31, 2006 and a balance sheet at December 31, 2005 and December 31, 2006 for each unregulated affiliate of Atmos. Finally, aggregate and reconcile the individual income statements and balance sheets referred to above with the consolidated income statement and balance sheet contained in the Company's most recent stockholder's annual report.

**RESPONSE**

3. Identify and provide the monthly sales volumes by rate classification for each of the Company's 50 largest Tennessee customers from January 1, 2004 through December 31, 2006. Also provide a contact person, telephone number and mailing address for each customer identified. Finally provide copies of all correspondence, other than billing statements, and notes of discussions or meetings with these customers concerning gas usage or rates between January 1, 2004 and May 1, 2007.

**RESPONSE**

4. Provide a copy of the Company's current asset management contracts applicable to Tennessee.

**RESPONSE**



5. Provide a copy of the latest Request for Proposal (“RFP”) that was issued by the Company for the management of the Company’s Tennessee pipeline and storage assets and procurement of gas. Provide a copy of all responses to the Company’s latest RFP.

**RESPONSE**

6. Provide a copy of the Company's latest gas supply plan for its Tennessee customers and the reserve margin associated with the peak day demand requirements.

**RESPONSE**

7. Provide a listing of all pipeline and storage assets, along with their related costs, that are contracted for in providing gas supply for Tennessee ratepayers. Please identify the FERC tariff or negotiated costs of each asset and the contract number of each asset.

**RESPONSE**

8. From January 1, 2004 to May 1, 2007, provide by month the total number of customers served under the Company's Rate 260 transportation rate schedule that are also served by the Company's affiliated Asset Manager. Also provide the monthly total volumes and profits realized by the Asset Manager that transport gas with the Company's Tennessee ratepayers.

**RESPONSE**

9. From January 1, 2004 to May 1, 2007, provide the monthly total volumes and profits realized by Company's affiliated Asset Manager from sales to non-jurisdictional customers that transport gas using the Company's Tennessee ratepayer assets.

**RESPONSE**

10. From January 1, 2004 to May 1, 2007, provide the total monthly profits realized by the Company's affiliated Asset Manager that are attributable to the management of the Company's pipeline capacity and storage assets.

**RESPONSE**

11. Provide a copy of any performance incentive plan applicable to Tennessee and any associated reports produced in 2005, 2006 or 2007.

**RESPONSE**

12. For the time period of Jan 1, 2006 through April 2007, provide the net storage injections and withdrawals for each FERC storage account on all of the Company's regulated assets. (Regulated assets are defined as those assets whose fixed costs are recovered through the Company's PGA for the purpose serving Tennessee customers)

**RESPONSE**



13. For the time period of Jan 1, 2006 through April 30 2007, provide the daily pipeline imbalances for each day for each connecting pipeline serving Tennessee ratepayers. For each imbalance, provide any daily imbalance charges assessed to the Company attributable to the imbalance. (The aggregate imbalance should be provided wherever pipelines allow pooling of delivery points through a Operating Balance Agreement).

**RESPONSE**

14. Provide copies of the balancing tariffs of any connecting pipelines that assess penalties to the Company for daily imbalances.

**RESPONSE**

15. Provide copies of all communications including emails between Company employees and with Atmos Energy Marketing employees related to the Company's proposal to amend the Rate 260 Transportation Tariff.

**RESPONSE**

16. Provide a sample of a balancing worksheet for Rate 260 customer served by a non-affiliate gas marketer and one served by Atmos Energy Marketing. Please explain the billing process and the Company's employees who produce the balancing worksheets that are used to calculate cashout. Please indicate whether or not employees of Atmos Energy Marketing are involved with this process.

**RESPONSE**

17. For the time period of January 1, 2006 through April 30, 2007, provide any cashout penalties/incentives that were charged to transportation customers served by Atmos Energy Marketing. Please indicate the number of customers whose volumes were reallocated by Atmos Energy Marketing. Please explain how reallocation allows Atmos' transport customers to avoid any cashout penalties/incentives. Provide the tariff language that allows the Company affiliate or asset manager to reallocate volumes in this manner. If not included in the tariff, please explain why this is not a violation of the Company's affiliate guidelines filed with the TRA.

**RESPONSE**

18. For the Company's service area in Georgia, explain the daily balancing fees and tariff applicable to transportation customers.

**RESPONSE**

19. For the Company's service area in Georgia, quantify the number of customers that are served by the Company's transportation tariffs. How many of these customers are served by Atmos Energy Marketing? Please calculate the market share by percentage of total.

**RESPONSE**

20. For the Company's service area in Georgia, please provide a sample copy of the balancing worksheet for a transportation customer, and provide a description of how daily balancing fees are calculated. Does the Company allow Atmos Energy Marketing to reallocate volumes to avoid daily balancing fees?

**RESPONSE**



21. Are the Company's Rate 250 non-transportation customers required to make any contributions towards the fixed costs of capacity and storage under the current PGA rule? Please explain why storage costs are proposed to be assessed to transportation customers only and not to Rate 250 sales customers that swing on supply and use the Company's capacity and storage assets.

**RESPONSE**

22. For the time period of January 1, 2006 though May 1, 2007, please identify the number of days on each connecting pipeline that Rate 250 non-transportation customers were curtailed?

**RESPONSE**

23. Does the Company subscribe to the Storage Delivery Option (SDO) offered by East Tennessee Pipeline (Spectra Energy). If so, explain how this service mitigates potential penalties incurred by the Company.

**RESPONSE**

24. Please identify the total Tennessee thru-put volumes for the past five calendar years. For each year, quantify the volumes were transported or subscribe to Company's Rate Schedule 260. If transport volumes have increased, has the Company made changes to their capacity plan to reflect the reduced sales?

**RESPONSE**

25. For the last five years, please provide copies of all related documentation of Company's review of asset (pipeline and storage) requirements to meet gas supply requirements for Tennessee customers? If more customers are transporting and not contributing to the Demand Gas Cost Adjustment of the PGA, would this increase the level of stranded capacity and storage assets. If Atmos Energy Marketing is providing their gas supply with ratepayer assets, does this not increase profits for Atmos Energy Corporation at the expense of sales customers?

**RESPONSE**

26. We have concerns regarding the proper rate tiers or steps for Rate Schedule 220. Currently this particular rate schedule has no rate steps. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 220 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

27. We have concerns regarding the proper rate tiers or steps for Rate Schedule 230. Currently this particular rate schedule has no rate steps. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 230 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

28. We have concerns regarding the proper rate tiers or steps for Rate Schedule 240. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 240 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**



29. We have concerns regarding the proper rate tiers or steps for Rate Schedule 250. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 250 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

30. We have concerns regarding the proper rate tiers or steps for Rate Schedule 260. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 260 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

31. We have concerns regarding the proper rate tiers or steps for Rate Schedule 280. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 280 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

32. We have concerns regarding the proper rate tiers or steps for Rate Schedule 291. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 291 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

33. We have concerns regarding the proper rate tiers or steps for Rate Schedule 292. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 292 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

34. We have concerns regarding the proper rate tiers or steps for Rate Schedule 293. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 293 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

35. We have concerns regarding the proper rate tiers or steps for Rate Schedule 294. Currently this particular rate schedule has monthly rate steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 294 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

**RESPONSE**

36. What is the tax impact of the Company's proposed change in inventory methodology from FIFO to WACOG.

**RESPONSE**



37. For the Company's service area in Tennessee, quantify the number of customers that are served by the Company's transportation tariffs. How many of these customers are served by Atmos Energy Marketing? Please calculate the market share by percentage of total. How many different suppliers transport gas to Tennessee transport customers?

**RESPONSE**

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

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**CERTIFICATE OF SERVICE**

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


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on this the 1 day of June 2007.

  
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Henry M. Walker