

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

IN RE:

PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL OF
ADJUSTMENT OF ITS RATES AND
REVISED TARIFF

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DOCKET NO. 07-00105

filed electronically 6/22/07 @ 9:20am

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

Atmos Energy Corporation ("AEC") hereby submits its objections to the discovery requests submitted by Atmos Intervention Group ("AIG").

INTRODUCTION

In an effort to organize and simplify AEC's objections, the objections are divided into three parts. In Part I, AEC will set forth categories of specific objections applicable to particular discovery requests of AIG. In Part II, AEC will set forth general objections applicable to the discovery responses of AIG in this matter. And in Part III, AEC will set forth its objections to certain individual discovery requests.

I. OBJECTIONS BY CATEGORY

A. Transportation Tariff Issues: Questions 12 through 25, and 37 involve issues arising from AEC's request to modify certain provisions of its transportation tariff, which are pending in docket 07-0020. AEC objects to the inclusion of these transportation tariff issues in

this docket, and to engaging in discovery on those issues in this case. In the alternative, if transportation tariff issues are to be included in this docket, AEC would move to bifurcate and defer discovery on those issues.

B. Phase II issues: Questions 4 through 11, and 25 involve “Phase II issues,” which are pending in at least two other dockets (05-00253 and 05-00258). AEC objects to the inclusion of Phase II issues in this docket and to engaging in discovery on those issues in this case. In the alternative, if Phase II issues are to be included in this docket, AEC would move to bifurcate and defer discovery on those issues.

C. Requests Made in 05-00258: A number of the requests are substantially identical to those that AIG submitted in docket number 05-00258. These include Questions 3 through 11, and 26 through 35. For the record, AEC incorporates by reference its objections to requests that were made in docket 05-00258. Subject to and without waiving these objections, to the extent that AEC’s objections were overruled in that case, AEC is willing to produce the same information again in this case, subject to acceptable protection of confidential information.

II. GENERAL OBJECTIONS

A. The Protective Order in this case includes protections for confidential information produced by the parties and others in this case. The Protective Order additionally prohibits that “any CONFIDENTIAL INFORMATION be disclosed to or discussed with anyone associated with the marketing of services in competition with the products, goods or services of the producing party” and additionally prohibits that “any CONFIDENTIAL INFORMATION related to Atmos Energy Marketing be disclosed to or discussed with Tennessee Energy Consultants, Earl Burton, or any employee of either.” It appears that some of the documents and

information requested in AIG's requests would cause competitive harm to AEC if shared with Earl Burton, Tennessee Energy Consultants, or any of their employees. (Some requests appear calculated to obtain information that would be of primary use to Mr. Burton in his business.) If and when produced, such documents and information will be identified as being restricted under the above-referenced Protective Order provisions. For the record, AEC objects to AIG's requests to the extent that they seek, directly or indirectly, to provide such documents and information to Mr. Burton, Tennessee Energy Consultants, or any employee of either.

B. AEC objects to the definitions and instructions contained in the requests to the extent that the definitions and instructions attempt to impose on AEC a burden or obligation greater than that required by the *Tennessee Rules of Civil Procedure* and applicable statutes and regulations governing contested case hearings.

C. AEC objects to the definition of "identify" and "identifying" as being unduly burdensome.

D. AEC objects to the requests to the extent they call for information and the production of documents protected from disclosure by the attorney-client privilege, common interest privilege, work product doctrine, or any other applicable privilege or protection. AEC objects to the requests to the extent that the AIG is attempting to impose on AEC obligations with regard to identification of privileged documents beyond those required by the *Tennessee Rules of Civil Procedure* and applicable statutes and regulations governing contested case hearings.

E. AEC objects to AIG's requests to the extent they seek information relating to matters not at issue in this litigation or to the extent they are not reasonably calculated to lead to the discovery of admissible evidence. By providing information in response to these requests,

AEC does not concede that such information is relevant, admissible, or discoverable, or that other information on the same or similar subjects would be discoverable. AEC expressly reserves the right to: (a) object to other discovery requests, despite their involving or relating to the subject matter of any of the interrogatories, document requests or requests for admission being responded to here; and (b) object to the introduction into evidence of any answer or produced document on relevancy or any other grounds.

F. AEC objects to AIG's requests to the extent that AIG is attempting to require AEC to provide information and produce documents beyond those in its possession, custody, or control as that phrase is used in the *Tennessee Rules of Civil Procedure* and applicable statutes and regulations governing contested case hearings.

G. AEC objects to AIG's requests to the extent that the purport to be directed to any entity other than AEC, including any parent, subsidiary, or affiliate. Any response to these requests is being provided by AEC only.

H. AEC objects to AIG's requests to the extent they seek information and documents that are available through public sources or are in AIG's own possession, custody or control. It is unduly burdensome to require AEC to respond or produce documents that are equally available to AIG, including documents that have been produced to AIG in other litigation.

I. AEC's objections and responses to these requests are and will be based on information then known to it. AEC reserves the right to amend, modify or supplement its objections and responses if it learns of new information.

J. AEC's objections and responses to these requests are and will be made without waiving or intending to waive the right to object to the use of any information provided in any subsequent proceeding or trial of this or any other action. AEC's responses to these requests are

also not a waiver of any of the foregoing objections or any objections it has made or may make with respect to any similar, related, or future request, and AEC specifically reserves the right to interpose any objection to further requests notwithstanding any response or lack of objection made in this response.

K. AEC objects to requests that seek “all” documents pertaining to a certain issue or falling into a certain category. Such requests by their nature are unduly burdensome, and unreasonably cumulative and duplicative. When served on a corporate or other institutional defendant, literal compliance with such a request is impossible to assure. Requiring a party to produce “all” documents showing a certain fact when one will do is, by its nature, unreasonably cumulative and duplicative. And such requests are often vague and indefinite. Where documents are produced in response to such a request, AEC has interpreted the request in light of reason and the matters at issue in this case, and has made a reasonable search for responsive documents. In so doing, AEC has complied with its discovery obligations.

L. AEC objects to any request seeking all documents reviewed by its witnesses over an undefined time period. Such a request is ambiguous, overly broad, and burdensome.

M. For the sake of brevity, AEC expressly incorporates these general objections in response to each of AIG’s discovery requests in this case.

III. OBJECTIONS BY REQUEST NUMBER

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

In addition to its general objections, AEC objects to this request on the grounds that it is compound. AEC further objects to the second sentence of this request on the grounds that it is unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

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

In addition to its general and categorical objections above, AEC objects to this request as unduly burdensome to the extent that it seeks to require AEC to prepare income statements, balance sheets, or other documents in response. A document request may not require a party to create documents that do not already exist. AEC does not object to the extent that the request

can be satisfied by producing Forms 10-K and 10-Q filed with the SEC, which have the additional advantage of already being reconciled to the annual report to shareholders.

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

In addition to its general and categorical objections above (particularly objections I.C and II.A), AEC objects to this request on the grounds that it is overly broad and unduly burdensome. AEC further objects that this request seems more calculated to obtain information that would be useful to Earl Burton and his company in its business, than to obtain information that would be admissible in this case or is reasonably calculated to lead to the discovery of admissible evidence.

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

RESPONSE

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

RESPONSE

In addition to its general objections, AEC incorporates by reference categorical objections I.B and I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

RESPONSE

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above. AEC further objects that this request is unduly burdensome.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above. AEC further objects on the grounds that this request is unduly burdensome.

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

RESPONSE

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

RESPONSE

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objections I.A and I.B above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.C above.

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

RESPONSE

In addition to its general objections, AEC objects on the grounds that this request is vague and indefinite.

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

In addition to its general objections, AEC incorporates by reference categorical objection I.A above.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 22nd day of June 2007.

<input type="checkbox"/> Hand	Vance Broemel, Esq.
<input checked="" type="checkbox"/> Mail	Office of the Attorney General
<input type="checkbox"/> Fax	Consumer Advocate and Protection Division
<input type="checkbox"/> Fed. Ex.	P. O. Box 20207
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<input type="checkbox"/> Hand	Henry M. Walker, Esq.
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