

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

In re: Petition of Atmos Energy Corporation)
for Approval of a General Rate Increase) Docket No. 07-00105
)

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

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

filed electronically 5/25/07 @ 1:58pm

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 Vance Broemel.

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

PART I: QUESTIONS REGARDING ACCOUNTING ISSUES

1. Please provide the hourly pay rate by Company¹ employee at May 31, 2007; denote in your response by hourly and salary employees; identify any part-time employees.

RESPONSE:

2. Please provide the hiring date and termination date by Company employee from June 1, 2005 through May 31, 2007.

RESPONSE:

3. Please provide the number of Company employees, by classification of hourly and salary by month from June 1, 2005 through May 31, 2007 and for the test year ended December 31, 2006.

RESPONSE:

¹Atmos Direct Testimony, J. Paris, P. 11, Lines 5 and 6; Schedule GW-2, Tennessee Labor; and Company 093.

4. Please provide a final Company payroll distribution by FERC account, by state jurisdiction for the twelve months ended May 31, 2007. The Company payroll distribution should equal to the total wages paid for the period.

RESPONSE:

5. Please provide the overtime hours by Company employee for the twelve months ended May 31, 2007 and for the test year ended December 31, 2006.

RESPONSE:

6. Please provide the Company payroll capitalization rate by month from June 2005 through May 2007 and for the test year ended December 31, 2006. The rates should exclude capitalized payroll transferred in from other state jurisdictions.

RESPONSE:

7. Please provide all documentation, work papers, and calculations supporting the Tennessee Labor amounts for the Test Period and the Attrition Period as shown on Company Schedule GW-2. Include in your response the total Company wages for the Test Period and the Attrition Period.

RESPONSE:

8. Please provide each amount as shown on Company Schedule GW-2 by FERC account.² Include in your response a mapping from each amount on Company Schedule GW-2 to each FERC account.

RESPONSE:

9. Please provide each amount as shown on Company Schedule GW-2 by line in the format of the TRA surveillance report, Lines 6 through 11. The amounts for the test period should reconcile to the December 2006 12 Months to Date TRA 3.03 surveillance report. Include in your response a mapping from each amount on Company Schedule GW-2 to each line item on the TRA surveillance report.

RESPONSE:

10. Please provide all documentation, work papers, and calculations supporting each amount for the Test Period and the Attrition Period as shown on Company Schedule GW-2. Include in your response the allocation factors used for SSU and the Division General Office for the Test Period, the twelve months ended September 2007, the twelve months ended September 2008, the twelve months ended September 2009, and the Attrition Period.

RESPONSE:

11. Please provide all documentation, work papers, and calculations supporting each amount for the Test Period and the Attrition Period as shown on Company Schedule GW-3. Include in

²Atmos Direct Testimony, G. Waller, P. 10, Lines 21-26.

your response the allocation factors used for SSU and the Division General Office for the Test Period, the twelve months ended September 2007, the twelve months ended September 2008, the twelve months ended September 2009, and the Attrition Period.

RESPONSE:

12. Please provide all documentation, work papers, and calculations supporting the allocation factors to Tennessee used for SSU and the Division General Office for the Test Period, the twelve months ended September 2007, the twelve months ended September 2008, the twelve months ended September 2009, and the Attrition Period supporting Company Schedules GW-2 and GW-3.

RESPONSE:

13. Please provide all FICA, FUTA, SUTA, and Ad Valorem tax returns and or tax payments for the SSU, SSU Call Center, and Division General Office for the Test Period December 2006.

RESPONSE:

14. Please provide the total Division General Office, SSU, and SSU Call Center costs subject to allocation for the years 2005, 2006 and the twelve months ended May 31, 2007 by month by FERC account by Division General Office, SSU, and SSU Call Center.

RESPONSE:

15. Please provide the total Division General Office, SSU, and SSU Call Center costs allocated to Tennessee for the months of January through September 2005 and for the months of January through May 2007 by month by FERC account by Division General Office, SSU, and SSU Call Center.

RESPONSE:

16. Please provide trial balances by Sub Account by month by Division General Office, SSU, and SSU Call Center for the years, 2005, 2006, and the twelve months ended June 30, 2007.

RESPONSE:

17. Please provide the amounts allocated to Tennessee from the Division General Office and SSU Service Areas by SSU Service Area, by FERC account by month for the years 2005, 2006, and the twelve months ended June 30, 2007 for the following Accounts and Sub Accounts:

Accounts

4261 Donations

4263 Penalties

4264 Civic, Political and Related

Sub Accounts

05411 Meals & Entertainment

05412 Spousal and Dependent Travel

05413 Transportation

05414 Lodging

05415 Membership Fees

05416 Club Dues- Nondeductible

05417 Club Dues - Deductible

10300 Lubbock Country Club

10301 Owensboro Country Club

13941 Nashville NFL PSL Fee

13942 Houston NFL PSL Fee

13952 University of Northern Colorado

24621 EY Sarbanes-Oxley 404 fees

30703 United Way Agencies

30705 Health

30706 Museum & Arts

30709 Salvation Army

30710 Youth Clubs & Centers

30713 American Red Cross

30736 Community Welfare

30737 Political Activities

30739 Misc Inc Deduct Alloc

30740 Misc Income Deductions

30741 Lodging

30742 Membership/Club Dues

30743 Sports Events

RESPONSE:

18. Please provide trial balances by FERC Account and Sub Account by month for the Division General Office company for the years, 2005, 2006, and the twelve months ended May 31, 2007.

RESPONSE:

19. Please provide the amounts by FERC Account and Sub Account by month for the Division General Office company allocated to Tennessee for the months January through May 2007.

RESPONSE:

20. Please provide the actual and forecasted Annual Incentive Plan for Management, Long-Term Incentive Plan, and Variable Pay Plan amounts for the Company by FERC account by company or service area for the years 2005, 2006, the twelve months ended May 31, 2007, the year ended December 2007, and the attrition year ended October 31, 2008. Include in your response the expense amounts and the capitalized amounts by type of plan, by month, by year, and by company.

RESPONSE:

21. Please provide the actual and forecasted FAS 87 Pension amounts by FERC account for the Company by company or service area for the years 2005, 2006, the twelve months ended

May 31, 2007, the year ended December 2007, and the attrition year ended October 31, 2008, the fiscal years 2009-2010. Include in your response the expense amounts and the capitalized amounts by type of plan, by month, by period, and by company.

RESPONSE:

22. Please provide the following Pension Plan (“the Plan”³) amounts by calender or fiscal year for Tennessee operations from December 1994 through September 2006:

Accumulated benefit obligation

Change in projected benefit obligation:

Benefit obligation at beginning of year

Service cost

Interest cost

Actuarial loss (gain)

Benefits paid

Benefit obligations at end of year

Change in plan assets:

Fair value of plan assets at beginning of year

Actual return on plan assets

Employer contributions

Benefits paid

Fair Value of plan assets at end of year

³September 30, 2006 Atmos Energy 10-K filing, P. 95.

Reconciliation:

Funded status

Unrecognized prior service cost

Unrecognized net loss

Net amount recognized

RESPONSE:

23. Please provide the actual and forecasted ERISA Pension Account Plan amounts for the Company by FERC account by company or service area for the years 2005, 2006, the twelve months ended May 31, 2007, the year ended December 2007, and the attrition year ended October 31, 2008. Include in your response the expense amounts and the capitalized amounts by account, by period, and by company.

RESPONSE:

24. Please provide the Company Uncollectible Expense (Write Offs) amounts in the following format from June 2006 through May 2007 for the Company by month:

(1)	(2)	(3)	(4)	(5)
-----	-----	-----	-----	-----

Total Write Offs **PGA Write Offs** **Cust. Payments** **PGA Payments** **Net Write Offs**

RESPONSE:

25. Please provide a voucher summary for any amount charged to the Company operations exceeding \$1,000 for the period from January 1, 2006 through May 31, 2007 in the following format:

(1) (2) (3) (4) (5) (6)

Month Year Payee Amount FERC Account Business Reason

RESPONSE:

26. Please provide the Company Plant in Service and Accumulated Depreciation by company, by service area, or by division, by account and or subsidiary account in the following format as of December 31, 2006 and May 31, 2007:

(1) (2) (3) (4) (5) (6)

Acct # Acct. Name Acct Balance Current Depr. Rate Accum. Depr. Net Book Value

RESPONSE:

27. Please provide the forecasted Company plant additions, plant retirements, salvage, costs of removal by company, by service area, by division, by account, by month from June 2007 through October 2008.

RESPONSE:

28. Please provide all supporting documentation of the Company's capitalization policies, Division General Office's capitalization policies, and SSU's capitalization policies.

RESPONSE:

29. Please provide the Company's Construction Work in Process (Account 1070) by Company and by Service Area at May 31, 2007.

RESPONSE:

30. Please provide the Company's Inventories - Plant Materials (Account 1540) by Company and by Service Area at May 31, 2007.

RESPONSE:

31. Please provide all work papers, calculations, and supporting documentation for the Company's forecast of Inventories - Gas Stored (Account 1641) per Company Exhibit WP THP 7-1, Page 2 of 6.

RESPONSE:

32. Please provide the actual amount of Inventories - Gas Stored (Account 1641) by month from January 2005 through May 2007.

RESPONSE:

33. Please provide the actual amount of the Company's Customer Deposits (Account 2350) by month from May 2006 through May 2007.

RESPONSE:

34. Please provide all work papers, calculations, and supporting documentation for the Company's forecast of Customer Deposits (Account 2350) per Company Exhibit WP THP 7-1, Page 3 of 6.

RESPONSE:

35. Please provide all work papers, calculations, and supporting documentation for the Company's forecast of Accumulated Deferred FIT by account (Accounts 1900, 2820, 2830) per Company Exhibit WP THP 7-1, Page 3 of 6. Include in your response the business reasons for each FAS 109 Regulated Deferred Asset account balance and each FAS 109 Regulated Deferred Liability account balance.

RESPONSE:

36. Please provide the actual amounts of the Company's Accumulated Deferred FIT by company, by service area, by account, by month from January 2006 through May 2007. Include in your response each temporary difference amount and supporting documentation of the basis for each temporary difference by account.

RESPONSE:

37. Please provide the Company's tax depreciation by account by vintage year for the attrition year ended October 31, 2008. Include in your response the tax depreciation rates for each account by vintage year and the tax depreciation method employed.

RESPONSE:

38. Please provide the calculation of the Tax Expansion Factor and all supporting documentation and work papers.

RESPONSE:

39. Please provide the total cost by year of the new Customer Information System (“CIS”).⁴ Include in your response all contracts, documentation, calculations, and work papers. Include in your response whether the CIS is used and useful by the Company.

RESPONSE:

40. Please provide the amount of CIS allocated to the Company and the basis for allocation. Include in your response all calculations and work papers.

RESPONSE:

41. Please provide the implementation date of the CIS and the starting date of the CIS initiative until implementation.

RESPONSE:

42. Please reconcile the attrition year Deferred FIT amount of \$4,922,544⁵ with the change in Accumulated Deferred FIT of \$1,640,938.⁶ Include in your response all calculations and work papers.

⁴Company Direct Testimony, J. Paris, Page 12. Line 7.

⁵Company Exhibit, Schedule THP-CWC1 A, Line 29.

⁶Company Exhibit, Schedule WP THP 7-1, Column b, Row 34 minus Row 22.

RESPONSE:

43. Please provide all work papers, calculations, and documentation supporting the Weighted Dollar Days⁷ on lines 1 and 3. Include in your response the calculations and documentation for individual weighted dollar days of: Pension, Insurance, Allocated Expenses, Uncollectibles, and Other Operating Expenses.

RESPONSE:

44. Please provide the Weighted Dollar Days for Federal Income Taxes for the test period ending December 31, 2006 using actual payment amounts and dates by the Company rather than a test period ending September 30, 2006.

RESPONSE:

45. Please provide the Weighted Dollar Days for State Excise Taxes for the test period ending December 31, 2006 using actual payment amounts and dates by the Company rather than a test period ending September 30, 2006.

RESPONSE:

46. Please provide the amount of Goodwill allocated to the Company by company, division or service area for the test period ended December 31, 2006 and the twelve months ended June 30, 2007 by FERC account.

⁷Company Exhibit, Schedule THP-CWC5.

RESPONSE:

47. Please provide copies of all workpapers underlying Exhibits DSR-3 and DSR-4 (Depreciation Studies). Provide in hard copy and, when applicable, in electronic format with all formulae intact.

RESPONSE:

48. Please provide all information obtained by Mr. Roff from Company operating personnel, and separately, financial management personnel relative to current operations and future expectations in the preparation of the Depreciation Studies. All information should be provided in the same format it was provided to Mr. Roff.

RESPONSE:

49. Please provide all notes taken during any meetings between Mr. Roff or his representatives and Company personnel regarding Mr. Roff's studies. Please identify by name and title, all Atmos personnel who provided the information, and explain the extent of their participation and the information they provided.

RESPONSE:

50. Please identify all plant tours taken during the preparation of the Depreciation Studies.
- a. Identify those in attendance and their titles and job descriptions.
 - b. Provide all conversation notes taken during the tour.
 - c. Provide all photographs and images taken during the tour.

RESPONSE:

51. Please provide all internal and external audit reports, management letters, consultants' reports etc. from 2001-2006, inclusive, which address in any way, the Company's property accounting and/or depreciation practices.

RESPONSE:

52. Please provide copies of all Board of Director's minutes and internal management meeting minutes from 2001 to date in which the subject of the Company's depreciation rates or retirement unit costs were discussed.

RESPONSE:

53. Please provide copies of all internal correspondence from 2001 to date-2006 which deals in any way with the Company's retirement unit costs, electric, gas and/or common depreciation rates, and/or the Depreciation Studies.

RESPONSE:

54. Please provide copies of all external correspondence from 2001 to date, including correspondence with Mr. Roff, which deals in any way with the Company's retirement unit costs, electric, gas and/or common depreciation rates, and/or the Depreciation Studies.

RESPONSE:

55. Please provide copies of all industry statistics available to Mr. Roff and/or ATMOS relating to gas or general plant depreciation rates.

RESPONSE:

56. Please identify all industry statistics upon which Mr. Roff or the Company relied in formulating the depreciation proposals.

RESPONSE:

57. On an account-by-account basis, which accounting method is reflected in the life studies; "location-life" or "cradle-to-grave"? Also, what is impact of the accounting method used on the lives calculated in the Depreciation Studies?

RESPONSE:

58. Please provide explanatory examples of the debits and credits relating to customer advances and contributions-in-aid of construction.

RESPONSE:

59. Please provide explanatory examples of the debits and credits relating to the accounts for which depreciation is charged to clearing accounts.

RESPONSE:

60. Please provide a copy of the Company's current capitalization policy. If the policy has changed at all since 2000, please provide a copy of all prior policies in effect during any portion of that period.

RESPONSE:

61. Please identify and explain all changes since the last depreciation study(ies) which might affect depreciation rates.

RESPONSE:

62. Please provide the Company's current Asset Management Plan.

RESPONSE:

63. Please provide a copy of the Company's 2004 and 2005 annual reports to the Tennessee Regulatory Authority.

RESPONSE:

64. Please provide any and all budget to actual results for the Company and or the Division ("091") for fiscal years ended September 2006 and year to date September 2007.

RESPONSE:

65. Please provide all budget guidelines, assumptions, documentation used in preparation for the Division's ("091") budget years ended September 2007-2008.

RESPONSE:

66. Please provide the basis for capitalizing telecommunications costs, uniforms, building leases, and utilities. Provide the amount of capitalized costs from telecommunications, uniforms, building leases, and utilities incurred by the Company since acquisition by Atmos by plant account, by capitalization category, and by year.

RESPONSE:

67. Please provide the Company ITC amortization for the attrition period ending October 31, 2008, the Company ITC amortization for the fiscal year ending September 30, 2007, and the Company ITC amortization for the fiscal year ending September 30, 2006. Include all workpapers and calculations supporting your response.

RESPONSE:

68. Please provide the minutes and written transcripts of the annual meeting of shareholders for Atmos Energy on February 7, 2007.

RESPONSE:

69. Please provide the amount of Distribution Information System ("DIS") software investment and accumulated depreciation by account by service area at December 2006 and May 2007. Include in your response whether the DIS software is used and useful by the Company.

RESPONSE:

70. Please provide the amount of Banner/Advantage System software investment and accumulated depreciation by account by service area at December 2006 and May 2007.

Please include in your response whether the Banner/Advantage System software is used and useful by the Company.

RESPONSE:

71. Please provide all expense reports with invoices and receipts for the test year ended December 31, 2006 for the Company, the Division General Office, and SSU.

RESPONSE:

72. Please provide copies of all Ad Valorem tax bills paid before March 2007 by the Company for the property taxes due for calendar 2006.

RESPONSE:

73. Please provide supporting documentation and analysis in working excel format (numbers and formulas) for the projections and estimates presented in Mr. Cagle's direct testimony for the following: (a) the WNA adjustment; (b) the WNA adjusted forecast, (c) the declining usage factor of 1.5%; (d) the summer-months customer growth factor of 2.4%; and (d) the winter-months customer growth factor of 2.5%.

RESPONSE:

74. Please detail the number of customers in Tennessee who have been approved to receive the Senior Citizens' and low income exemption from the monthly customer charge.

RESPONSE:

75. Please update the information provided in the minimum filing guidelines through August 2007. Please provide supplemental responses in a timely fashion.

RESPONSE:

76. Please provide a copy of the Company's 3.03 reports for the months of March 2007, April 2007, May 2007, June 2007, July 2007, and August 2007. Please provide supplemental responses in a timely fashion.

RESPONSE:

PART II: QUESTIONS REGARDING COST OF CAPITAL

77. Regarding Schedule DAM-9, please provide in a working excel file, the daily balances of short-term debt from January 1, 2003 through December 31, 2006.

RESPONSE:

78. Regarding Schedule DAM-9, for each day from January 1, 2003 through December 31, 2006, please identify in a working excel file, the party or parties providing the short term debt and provide the annual interest rate charged for the short term debt (by providing an annual interest rate the interest rates displayed in Schedule DAM-10 can be compared to interest rates charged for the debt shown in Schedule DAM-90.)

RESPONSE:

79. Regarding Schedule DAM-10, please provide in a working excel file, the daily balances from January 1, 2003 through December 31, 2006 for each debt item displayed on the schedule's the far left side, under the column named "Debt Series."

RESPONSE:

80. In your most recent Form 10-K filed with the Securities and Exchange Commission, Atmos separated its consolidated income statement into these business segments: Utility, Natural Gas Marketing, Pipeline and Storage, Other Nonutility, Eliminations. Regarding the debt data displayed in Schedules DAM 9 and 10, please identify the portions which are being used to support the different business segments.

RESPONSE:

81. Regarding Schedule DAM-11, in a working excel file please provide the sources for the data shown in each column.

RESPONSE:

82. Regarding Schedule DAM-11, please provide the definitions for the terms "Value Line Financial Strength," "S&P Rating" and "S&P Business Position," and provide the source pages which explain those definitions.

RESPONSE:

83. Regarding Schedules DAM 4.2 and 5.2, please provide copies of all evaluations of the forecast-accuracy of the “Blue Chip” forecasts and the Value Line forecasts, where such evaluations have been reviewed and considered by Dr. Murry.

RESPONSE:

84. Regarding Dr. Murry's Testimony at page 12 lines, 4-5 identify the "reliable sources" by name, including the individual's name and the sponsoring institution.

RESPONSE:

85. Regarding Schedule DAM-12, please provide the definitions for the terms “Safety Rank” and “Timeliness Rank” and provide the source pages which explain those definitions.

RESPONSE:

86. Regarding Schedule DAM-12, please provide copies of any studies, articles, or other written material where the terms “Safety Rank” and “Timeliness Rank” have been evaluated by sources other than Value Line.

RESPONSE:

87. Regarding Schedules DAM 19, 20, 21, 22, 23, 24 and 25, please provide copies of all evaluations of the “Value Line Investment Survey,” “Yahoo!Finance” and “Standard & Poor's Earnings Guide” where such evaluations have been reviewed and considered by Dr. Murry.

RESPONSE:

88. Regarding Schedules DAM 7, 8, 13, 14, 15, 16, 17, 18, 19 20, 21, 22, 23, 24,25,27,28,29 and 31, please provide in a working excel file the sources for the data shown in each column of each schedule.

RESPONSE:

89. Regarding the comparable companies selected by Dr. Murry, for each comparable company please provide in a working excel file, the end-of-month balances of short-term debt from January 1, 2003 through December 31, 2006.

RESPONSE:

90. Regarding the comparable companies selected by Dr. Murry, for each comparable company please provide in a working excel file, the daily balances of short-term debt from January 1, 2003 through December 31, 2006.

RESPONSE:

PART III: QUESTIONS REGARDING OPERATIONS

91. Please refer to the directly testimony of Paris, page 3, lines 20-22. Please provide a detailed explanation and analysis (including a comparable “price-out”) for the statement that “gross margin is projected to be \$2.0 million lower in the test year than that provided for in the Authority’s ruling in Docket No. 05-00258”. Please detail by amount the items that make up the “about \$2.6 million of the requested increase [that] results from our disagreements with some of the rulings in that Docket”. Explain the company’s position regarding the “disagreements with some of the rulings in that Docket”.

RESPONSE:

92. Please refer to the direct testimony of Paris, page 11, wherein, Mr. Paris testified that “the Company has introduced and implemented state-of-the-art technology to enable it to provide customers with the best possible service at the lowest possible cost”; and “These enhancements facilitate customer service through the streamlining of billing inquiries and service through the streamlining of billing inquiries and service orders, allow for efficient billing and processing of customer payments, and provide support to the Company’s Customer Support Center”. Please document and provide all internal service metrics and reporting (including benchmarks) that support these statements.

RESPONSE:

93. Please provide copies of the “7100 Reports” for 2006 for Tennessee, Mississippi, Kentucky, Georgia, and Virginia.

RESPONSE:

94. Please explain the Company’s forecast or plan for replacing bare steel/cast iron mains and services in Tennessee. Please detail the number of feet of proposed replacement bare steel/cast iron for the attrition year separately.

RESPONSE:

95. Provide a summary of growth in customers and normalized sales by revenue class for the past 10 years in Tennessee.

RESPONSE:

96. Please refer to page 7, line 10 of the direct testimony of Smith. Please explain (including a specific example) of the “CUA True UP” detailing how “The calculation would include a cumulative annual ‘true up’ to ensure that the company does not over- or under-collect from the ratepayer”. Please explain what “over or under collect” means.

RESPONSE:

97. For Atmos service in Tennessee, what percent of total residential distribution costs are currently recovered through the customer service charge on a pro-forma basis?

RESPONSE:

98. Please provide the percent of total residential distribution costs that are currently recovered (current rates) through the customer service charge on a pro-forma basis for other states in the “Mid-South” Atmos Region or other states in the Atmos organized service region that Tennessee is a part of.

RESPONSE:

99. Is the proposed CUA in this matter similar to the “decoupling” proposal (Margin Loss Recovery rider) that was filed with the Georgia Public Service Commission in docket 20298?

If not, please explain any differences in the two proposals and the need for any differences between the jurisdictions?

RESPONSE:

100. Please provide a summary of cost to ATMOS by sponsored conservation/DSM programs within each state by year since 2000. Please detail a summary of achievement goals by the program and the results of the program. Please provide the number of customers assisted in each of these programs by year.

RESPONSE:

101. Please detail the Energy Conservation or Demand Side Management (DSM) Program(s) sponsored by ATMOS in Tennessee since 2000 in response to “public policy considerations” as indicated beginning on page 7 of the direct testimony of Smith.

RESPONSE:

102. Provide a summary of ATMOS Tennessee Billed Margin since 1997 using today’s current rates and detail by revenue class splitting out volumetric and customer charge fee revenue. Additionally, please provide a summary of WNA revenue by revenue class calculated using the current approved procedure; also provide comparable detail of the proposed WNA revenue.

RESPONSE:

103. Is it true that the WNA proposal change in calculation is similar to the modified WNA proposal that was filed in Georgia in docket 20298 ? If not, please explain any differences in the two proposals.

RESPONSE:

104. What is the estimated “savings” in terms of CCF billed per year to Tennessee customers who participate in Atmos’ pilot energy conservation program.

RESPONSE:

105. Regarding the Main Extension Policy: (a) Please provide an example under the proposed policy detailing the costs incurred, as well as the compensating revenue, of a main extension for ten new customers (including the length of time allowed for revenue to offset the cost of the extension); (b) Please detail an example where one additional customer is added to the main extension example in subpart (a) showing the costs incurred, as well as the compensating revenue, associated with this additional customer; (c) Please repeat the examples provided under subparts (a) and (b) using the current main extension policy and detail how the costs incurred, as well as the compensating revenue, is different under the current policy as compared to the proposed policy; (d) Further, please explain in detail the need for the Company to change the main extension policy at this time.

RESPONSE:

106. Please detail any main extension proposals during the last 5 years in other state jurisdictions similar to the one proposed in this case and provide the results of those proposals as documented in rate orders.

RESPONSE:

107. Please refer to page 3 of the direct testimony of Ellerman. Please detail the specific service metrics utilized in the company's incentive plan (VPP) for (a) customer Service levels; (b) safety incidents; and (c) productivity.

RESPONSE:

108. Please detail the metrics utilized to determine "satisfactory customer service" described on page 5, line 18, of the direct testimony of Ellerman.

RESPONSE:

109. Will Tennessee employees will receive special salary considerations or bonuses if the "CUA" or decoupled rate design is adopted by the Tennessee Regulatory Authority? If so, please explain how such salary considerations or bonuses will be calculated.

RESPONSE:

PART IV: QUESTIONS REGARDING GAS SUPPLY AND CAPACITY MANAGEMENT

110. For the Tennessee jurisdiction, please describe how Atmos is compensated for the sale, lease or release of capacity for natural gas transportation or storage. Include in your description a narrative of: (a) the bidding process, if any, that is used for the sale, lease or release of capacity for natural gas transportation or storage; (b) the asset management agreements that are currently in place regarding natural gas transportation, storage or procurement storage; (c) the allocation of asset management fees or revenues to Tennessee; and (d) the allocation of asset management fees or revenues to Tennessee customers under the Company's current incentive plan.

RESPONSE:

111. Please produce copies of all documents submitted to you in response to any request for bid proposals for asset management services involving the Tennessee jurisdiction issued by you from January 1, 1997, to present.

RESPONSE:

112. Please identify all bids for asset management services involving the Tennessee jurisdiction submitted to you during the last ten calendar years, including the name of the person or entity submitting the bid, the date of the bid, the amount of the bid, and a detailed description of the goods or services bidded upon. Of all the bids submitted to you, identify each winning bid proposal that resulted in execution of an asset management agreement and provide a copy of each such agreement.

RESPONSE:

113. For each current asset management agreement executed between you and any other party involving the Tennessee jurisdiction, please provide a copy of the agreement and describe in detail the process that was used to negotiate the terms of each such agreement.

RESPONSE:

114. For the Tennessee jurisdiction what is the amount of total capacity and what amount of capacity is available for the sale, lease, or release to third parties or affiliates or divisions of Atmos? Please produce all documents related to the calculation of total capacity and the amount of capacity available for the sale, lease, or release to third parties or affiliates or divisions of Atmos.

RESPONSE:

115. Please produce all documents related to the planning of capacity involving the Tennessee jurisdiction for the past five calendar years.

RESPONSE:

116. Please produce all documents related to gas supply planning involving the Tennessee jurisdiction for the past five calendar years.

RESPONSE:

117. Please describe how the sale, lease, or release of capacity affects the compensation of your directors, officers, employees, representatives, affiliates, or agents, including but not limited to:

- a. A narrative of how the sale, lease, or release of capacity affects the computation of any salaries, bonuses, or other forms of compensation;
- b. A list of the names and positions of those whose salaries, bonuses, or other compensation are derived in whole or in part or otherwise affected by the sale, lease or release of capacity; and
- c. The dollar amount of any salaries, bonuses, or other compensation derived in whole or in part or otherwise affected by the sale, lease or release of capacity for each person identified in X.b., above.

RESPONSE:

118.. Please produce all communications and documents exchanged since January 1, 2002, through the present between or among any of your divisions, directors, officers, employees, representatives, affiliates, or agents, involving: (a) asset management issues or topics; (b) gas supply or capacity planning issues or topics; or (c) any of the issues or topics listed in Attachment A to the Order Adopting Phase Two Issues And Modifying The Phase Two Procedural Schedule, TRA Docket No. 05-00258 (Oct. 6, 2006) (copy attached hereto).

RESPONSE:

119. Please produce all communications and documents exchanged since January 1, 2002, through the present between you and Atmos Energy Marketing, LLC, (including, but not confined to, Atmos Energy Marketing's directors, officers, employees, representatives, affiliates, or agents), involving: (a) asset management issues or topics; (b) gas supply or capacity planning issues or topics; or (c) any of the issues or topics listed in Attachment A to the Order Adopting Phase Two Issues And Modifying The Phase Two Procedural Schedule, TRA Docket No. 05-00258 (Oct. 6, 2006) (copy attached hereto).

RESPONSE:

120. Please produce all communications and documents exchanged since January 1, 2005, through the present between you and Chattanooga Gas Company (including, but not confined to, Chattanooga Gas Company's directors, officers, employees, representatives, affiliates, or agents) involving: (a) asset management issues or topics; (b) gas supply or capacity planning issues or topics; or (c) any of the issues or topics listed in Attachment A to the Order Adopting Phase Two Issues And Modifying The Phase Two Procedural Schedule, TRA Docket No. 05-00258 (Oct. 6, 2006) (copy attached hereto).

RESPONSE:

121. Please produce copies of all agreements involving the Tennessee jurisdiction entered into between you and Atmos Energy Marketing, LLC, from July 1, 1997, to present, including but not limited to agreements involving asset management, capacity management, natural gas supply, or natural gas procurement. Please provide a schedule of the date and amount of all contract payments made under any such agreement.

RESPONSE:

122. Assuming that the Tennessee Regulatory Authority orders the profits of Atmos Energy Marketing, LLC, to be imputed to your Tennessee regulated operations, what allocation method do you contend should be used to accomplish this imputation of profits?

RESPONSE:

123. Please provide your Ferc Form 1 for Tennessee for each year from 2000 through 2006.

RESPONSE:

124. For each month of the fiscal years ended September 30, 2004, 2005 and 2006, please provide the total monthly ccf billed by Atmos to its customers in Tennessee for each of the following areas defined in the Company's tariff: Areas 1, 2, 3 and 4.

RESPONSE:

125. For each month of the fiscal years ended September 30, 2004, 2005 and 2006, please provide the monthly ccf billed by tariff to the customers of Atmos in Tennessee for each of the following areas defined in the Company's tariff: Areas 1, 2, 3 and 4.

RESPONSE:

126. Please provide a copy of Atmos's contract with Saturn and identify the ccfs which Atmos billed Saturn for each month of the fiscal years ended September 30, 2004, 2005 and 2006.

RESPONSE:

PART V: QUESTIONS REGARDING WITNESSES AND DOCUMENTS

127. Please identify each person whom you expect to call as an expert witness at the hearing on the merits in this docket, 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:

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

RESPONSE:

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

RESPONSE:

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

RESPONSE:

131. 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:

132. 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:

133. 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:

134. 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 docket.

RESPONSE:

135. Please provide all Excel (or other data files) containing the information provided in response to these request items and those provided previously in the MFG items. (For example, MFG item 18 shows customer counts, revenues, and sales volumes on paper. The paper shows excel file names, but the files were not provided.)

RESPONSE:

Respectfully submitted,

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

A handwritten signature in black ink that reads "Vance L. Broemel". The signature is written in a cursive style with a horizontal line underneath the name.

Vance L. Broemel, B.P.R. 11421
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CERTIFICATE OF SERVICE

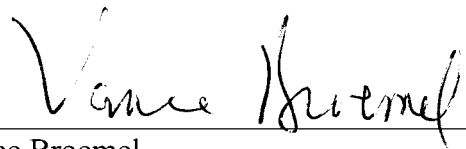
I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or facsimile on May 25, 2007 to:

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A handwritten signature in black ink, reading "Vance Broemel", written over a horizontal line.

Vance Broemel
Senior Counsel