

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

**IN RE: DOCKET TO EVALUATE            )  
ATMOS ENERGY CORPORATION'S       )  
GAS PURCHASES AND RELATED         ) DOCKET NO. 07-00225  
SHARING INCENTIVES                    )**

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**STAND ENERGY CORPORATION'S FIRST SET OF DISCOVERY TO ATMOS  
ENERGY CORPORATION**

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Stand Energy Corporation ("SEC") hereby serves the following discovery consisting of Interrogatories and Requests for Production of Documents, pursuant to T.C.A. § 4-5-311, Rules 26, 33, and 34 of the Tennessee Rules of Civil Procedure and TRA Rule 1220-1-2.11 for response and production of documents from Atmos Energy Corporation ("Atmos" or "AEC") by February 19, 2008 pursuant to the procedural schedule adopted by the Tennessee Regulatory Authority ("TRA") in its Order dated, December 21, 2007.

**DEFINITIONS**

As used herein the following definitions apply, whether the defined term is capitalized or lower case:

1. "Affiliate" means, in relation to any Person, any entity controlled, directly or indirectly, by such Person, any entity that controls, directly or indirectly, such Person, or any entity directly or indirectly under common control with such Person. For this purpose, "control" of any entity or Person includes, but is not limited to, ownership of a majority of the voting power of the entity or Person or by contractual means or otherwise.
2. "Any" means each, every, and all Persons, Documents, Documentation, and Correspondence, places or things to which the term refers to or Concerns.

3. "Communication(s)" means, but is not limited to, all forms of interaction or communication whether written, printed, oral, pictorial, electronic or by any other medium.
4. "Authority" or "TRA" refers to the Tennessee Regulatory Authority.
5. "Consumer(s)" means all customers, end-users, and consumers, without limit, that receive at least natural gas distribution services from Atmos.
6. "Concerning" is used in its broadest sense when used with reference to a stated subject; "concerning" shall mean and include both of the following: (i) containing, comprising, constituting, stating, setting forth, recording, relating to, recording, including, negating or manifesting in any way, whether in whole or in part, that subject; and (ii) alluding to, describing, discussing, reflecting, interpreting, identifying, regarding, contradicting, referring to, or in any way pertaining to, whether in whole or in part, that subject.
7. "Correspondence(s)" means, without limiting its general meaning, all letters, telegrams, faxes, emails, notices, messages, memoranda and other written or electronic Communications.
8. "Document(s)" or "Documentation(s)" when used herein, means all originals of any nature whatsoever, identical copies, and all non-identical copies thereof, pertaining to any medium upon which intelligence or information is recorded in your possession, custody, or control regardless of where located; including without limiting the generality of the following: punchcards, printout sheets, movie film, slides, phonograph records, photographs, microfilm, video media, notes, memoranda, ledgers, work sheets, books, magazines, notebooks, diaries, calendars, appointment books, registers, charts, tables, papers, agreements, contracts, purchase orders, checks and drafts, acknowledgments, invoices, authorizations, budgets, analyses, projections, transcripts, minutes of meetings of any kind, correspondence, telegrams, drafts,

discs or tapes, and computer produced interpretations thereof, instructions, announcements, schedules, price lists, electronic copies, and mechanical or electric sound recordings and transcripts thereof. In all cases, "Document(s)" or "Documentation(s)" shall also mean all written, printed, reproduced, recorded, typed, graphic, photographic, or electronic matter in your possession, custody, or control, including without limitation books, manuals, pamphlets, periodicals, correspondence, letters, memoranda, faxes, telegrams, electronic mail ("email") messages and attachments, reports, records, studies, transcripts, workpapers, working papers, notes, charts, graphs, indices, data sheets, and all drafts thereof, and every copy of a document which contains handwritten or other notations not otherwise duplicated in the original or any other copy. In all cases, where originals and/or non-identical copies are not available, "Document(s)" or "Documentation(s)" shall also mean identical copies of original documents and copies of non-identical copies.

9. "Distribution Facilities" refers to equipment owned, operated, and/or controlled by Atmos that is directly or indirectly related to or associated with its provision of natural gas distribution delivery and related services to Consumer(s), from the location of the equipment controlled by the Consumer and up to and including all the facilities, plant, and equipment that serve the Consumer.
10. "Identification" or "Identify" or "Identity" or "Identified" when used herein shall mean that you are required to provide the requested information as the context requires it, and also, when used in reference to: (a) a natural individual, require you to state his or her full name, business address, business title(s), and the entity(s) that the Person works for and/or worked for at the time of the transaction or activity inquired into and at the time of the inquiry; (b) a corporation, require you to state its full corporate name and any names under which it does business, its state

of incorporation, the address of its principal place of business, and the addresses of all of its offices; (c) a business, require you to state the full name or style under which the business is conducted, its business address or addresses, the type of businesses in which it is engaged, the geographic areas in which it conducts those businesses, and the identity of the person or persons who own, operate, and control the business; (d) a Document or Documentation, require you to state the number of pages and the nature of the document (for example and without limitation, letter or memorandum, its title, its date, the name or names of its authors and recipients, and its present location and custodian, and whether or not it is claimed that such document is privileged and, if so, the type of privilege claimed and a statement of all the circumstances which will be relied on to support such claim of privilege; (e) Correspondence(s), to identify the Document(s) and/or Documentation(s) which refer to or evidence the Correspondence; (f) Communication, if written, to identify the Document(s) or Documentation(s) which refer to or evidence the Communication, and to the extent engaged in orally or otherwise, to provide the date, manner, place, and substance of the Communication.

11. "Load" means the consumption of Consumers that received and/or are currently receiving local distribution service (whether standard-offer or otherwise) from Atmos.
12. "Person(s)" includes any natural person, corporate entity, firm, partnership, limited liability company, association, joint venture, cooperative, municipality, city, county, irrigation district, drainage district or other special district or political subdivision, or federal, state or local governmental body, department, or agency, entity or group of persons, unless the context clearly indicates that only an individual person is referred to.

13. "Pool" means a group of Consumers that take or receive service from a single provider that have been joined together, for Any particular purpose, with other Consumers taking or receiving from that same provider.
14. "Studies" means without limitation reports, analyses, studies, investigations, reviews, summaries, audits, forecasts, opinions, opinion Documents, justification Documents, and all prior versions of such Documents.
15. "Supplier" means without limitation, a marketer, supplier, alternate commodity supplier, capacity, supply, and/or commodity management provider, Pool operator, aggregator, or governmental aggregator.
16. "You" or "Your" or "Yourself" refers to the party to which or whom these discovery requests are directed, including all Affiliates, joint partnerships, corporate parents, subsidiaries, departments, divisions, officers, agents, consultants, employees, contractors, predecessors, successors and assigns, whether present or former.

### **INSTRUCTIONS FOR ANSWERING**

1. Each response, document or objection should commence on a separate page and should be immediately preceded by the corresponding request or sub-request to which it responds.
2. Each response must be supplemented by timely amendments if subsequent information renders any response incorrect in any material respect.
3. For each response, please identify the individual who prepared the response or the person(s) under whose supervision the response was prepared.

4. For each response, please provide an oath or certification that the response is true and accurate to the best of the preparer's knowledge, information and belief after reasonable inquiry.
5. Each request shall be deemed continuing in nature and must be updated immediately upon receipt of any new, further or different information that is responsive to the request.
6. With respect to any request consisting of separate parts or subparts, a complete response to each subpart is required as if the subpart were set forth as a separate request.
7. If any request cannot be answered in full after reasonable inquiry, please provide the response to the extent available, state why the request cannot be answered in full, and provide any information within your knowledge concerning the description, existence, availability, and custody of any unanswered portions.
8. In responding to these requests, please provide information from all files in the possession of, owned by, controlled by, or accessible to you, as well as all files maintained or controlled by officers, employees, agents or consultants or other representatives of your organization.
9. If no information or document is responsive to any request, please so state in the response.
10. If any document requested is not in your possession but you know or believe it to exist, please so state and identify to the best of your ability the last known location of the document and its custodian.
11. If any document requested or related to any request has been destroyed or discarded, please state the date the document was destroyed, the person or entity responsible for its destruction, the reason for its destruction, and provide a description of the contents and length of the document.

12. If any information or Documentation is not available in the exact form requested, please provide any available information or documents that best respond to the request.
13. For any information or Documents maintained by computer or data storage mechanism, please state the name of the file from which the information came, how the data is stored (CD, diskette, tape, etc.), the computer or media program in which it is stored, the name of the Person who collected or entered the information, and how the Document or information can be transmitted and retrieved.
14. The singular form of a word shall be interpreted as plural, and the plural form as singular, to the extent appropriate in order to respond to the scope of these requests and to make the request inclusive rather than exclusive.
15. “And” and “or” shall be construed either disjunctively or conjunctively as appropriate to respond to the scope of these requests.
16. Any objection to a request should provide a list of all information or documents withheld, describe the character and specific subject matter of the information withheld, including a description of the number of documents withheld and a summary of the information contained in such documents, and should clearly state the specific objection asserted and the grounds on which the objection is based.
17. If Atmos Energy Corporation does not know the answer to a question or does not have a document that is requested and the answer is known or the document is possessed by Atmos Energy Marketing or another Atmos Affiliate, then the question should be answered by or the document should be produced by Atmos Energy Marketing or the appropriate Atmos Affiliate.

### **INTERROGATORIES**

1. The document attached as Attachment 1 is entitled "Tennessee Guidelines for United Cities Gas Company's Affiliate Transactions" ("Guidelines").

(a) When were these Guidelines adopted by United Cities Gas Company/Atmos Energy Corporation?

(b) Have the attached Guidelines been amended? If so, please provide a copy of the current guidelines and the dates that they were amended and adopted by Atmos Energy Corporation (AEC).

(c) Please provide copies of all affiliate transaction guidelines or rules applicable to Atmos that currently exist in all states in which AEC operates.

### **RESPONSE:**

Identify the Person(s) Responsible for providing the response:

2. The following language appears in the Tennessee Guidelines for United Cities Gas Company

Affiliate Transactions (see Attachment 1):

9. In transactions that involve either the purchase or receipt of information, assets, goods or services by the Company from an affiliated entity, the Company shall document both the fair market price of such information, assets, goods, and services and the fully distributed cost to the Company to produce the information, assets, goods or services for itself.

10. When the Company purchases information, assets, goods and services from an affiliated entity, the Company shall either obtain competitive bids for such information, assets, goods or services or demonstrate why competitive bids were neither necessary nor appropriate."

Does AEC have any guidelines, similar to 9 and 10 of the Guidelines above, that govern purchases or receipt of information, assets, goods or services by an affiliated entity, such as Atmos Energy Marketing ("AEM") from AEC? If so, please provide a copy of such guidelines.

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

3. Please describe the nature of and date of each purchase or receipt of information, assets, goods or services that occurred from the date of AEC's asset management contract with AEM to the present with respect to AEM purchasing , leasing or receiving anything from AEC.

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

4. Please produce a copy of the Atmos Energy Corporation Form 8-K filing with the United States Securities Exchange Commission made on or about December 13, 2007 and confirm the following text as accurate:

*On December 13, 2007, Atmos Energy Corporation, our Mid-Tex Division, and our affiliate, Atmos Energy Marketing, LLC (together with its predecessor, Woodward Marketing, L.L.C.), received data requests from the Division of Investigations of the Office of Enforcement of the Federal Energy Regulatory Commission (the "Commission") in connection with its investigation into possible violations of the Commission's posting and competitive bidding regulations for pre-arranged released firm capacity on natural gas pipelines. The data requests include requests for information and documents concerning specified short-term capacity release transportation transactions involving these companies. We intend to respond to the data requests and fully cooperate with the Commission in its investigation.*

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

5. Does Atmos agree that the above-described "investigation" by FERC (involving the transactions between AEC and AEM) could affect the outcome of the instant proceeding before the TRA?

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

6. Please produce a copy of the current contract(s), agreement(s) or other documents which control the present "asset management" agreement in place between AEC and AEM.

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

7. Please describe the request for proposal (“RFP”) or other process that resulted in the selection of AEM as AEC's asset manager?

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

8. Who is preparing the RFP for the asset management contract that is proposed to go out for bid in 2008?

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

9. For which of the Atmos Local Distribution Companies does AEM function as the gas "asset manager"?

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

10. Will anyone associated with AEM in any way have anything to do with the preparation of the RFP for the next asset management contract?

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

11. Will anyone associated with AEM in any way have input into the contents of the RFP or be allowed to view the RFP or have access to it before the RFP is issued?

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

12. In Case No. RM08-2-000, "FERC seeks public comment on a proposal to require both interstate and certain major non-interstate pipelines to post on a daily basis capacity, scheduled flow information and actual flow information. The proposal would facilitate transparency of price and availability of natural gas providing a complete picture of daily supply and demand information. . ." December 20, 2007 FERC News Release.

What is AEC's position regarding FERC's proposed rule on pipeline posting requirements?

**RESPONSE:**

Identify the Person(s) Responsible for providing the response:

Respectfully submitted,

Stand Energy Corporation

By: 

D. Billye Sanders

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**Attorney for Stand Energy Corporation**

## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of Stand Energy Corporation's First Set of Discovery to Atmos Energy Corporation was served upon the following parties of record or as a courtesy, via U.S. Mail postage prepaid, express mail, hand delivery, or electronic transmission, on December 28, 2007.

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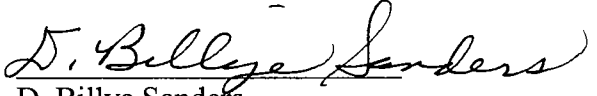
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