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E. TODD PRESNELL
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May 7, 2008

VIA HAND DELIVERY

Honorable Ron Jones, Hearing Officer
c/o Sharla Dillon, Docket & Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

**RE: Docket to Evaluate Atmos Energy Corporation's Gas Purchases and Related
Sharing Incentives, TRA Docket No. 07-00225**

REDACTED VERSION

Dear Hearing Officer Jones:

Enclosed please find one (1) original and thirteen (13) copies of the **redacted version** of *Atmos Energy Marketing, LLC's Supplemental Responses to the Consumer Advocate and Protection Division's First Set of Discovery Requests* for filing in the above-captioned docket. Also enclosed is a copy of this filing to be file-stamped for our records.

If you have any questions or require additional information, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'E. Todd Presnell', is written over a horizontal line.

E. Todd Presnell

cc: Parties of Record

IN RE: DOCKET TO EVALUATE)
ATMOS ENERGY CORPORATION'S)
GAS PURCHASES AND RELATED)
SHARING INCENTIVES)

***This document contains
HIGHLY CONFIDENTIAL
INFORMATION
subject to a Protective Order***

Atmos Energy Marketing, LLC (“AEM”), by and through counsel, hereby supplements its responses to the First Discovery Requests of the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division (“CAD”).

Where designated, certain written responses and documents responsive to the CAD's First Discovery Requests contain information that constitutes confidential, proprietary information or trade secrets of AEM. This information is therefore subject to, and provided under, the terms of the Protective Order entered by the Hearing Officer in this matter, consistent with the *Order on Protective Order Disputes*.¹ Consistent with the Protective Order, such

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responses and documents are either marked as “CONFIDENTIAL INFORMATION” or as “HIGHLY CONFIDENTIAL – AEM MATERIAL (Outside Counsel Only).”²

General Objections

AEM objects to the CAD’s list of “Preliminary Matters and Definitions” that purport to govern AEM’s responses to the discovery requests. AEM, rather, responds to the discovery requests in accordance with Rules 26, 33, and 34 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. AEM further objects to all requests that seek information pertaining to other jurisdictions, as such information is irrelevant to a determination of the issues in this matter, and is not reasonably calculated to lead to the discovery of admissible evidence. Without waiving these general objections and subject to more specific objections set forth below, AEM responds to the CAD’s discovery requests as follows:

I. FIRST DISCOVERY REQUESTS TO ATMOS ENERGY MARKETING (“AEM”)

AEM4. The “Natural gas marketing segment” on page 45 of AEC’s Form 10-K for the fiscal year ended September 30, 2006, stated:

To optimize the storage and transportation capacity we own or control, we participate in transactions in which we combine the natural gas commodity and transportation costs to minimize our costs incurred to serve our customers by identifying the lowest cost alternative within the natural gas supplies, transportation and markets to which we have access. Additionally, we engage in natural gas storage transactions in which we seek to find and profit from the pricing differences that occur over time. We purchase physical natural gas and then sell financial contracts at favorable prices to lock in gross profit margins. Through the use of transportation and storage services and derivative contracts, we seek to capture gross profit margin through the arbitrage of pricing differences in various locations and by recognizing pricing differences that occur over time.

² The marks “HIGHLY CONFIDENTIAL” or “HIGHLY CONFIDENTIAL – AEM MATERIAL (Outside Counsel Only)” shall have the same meaning herein and shall be given the same treatment with respect to the Protective Order.

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For the period April 1, 2004, through September 30, 2007, please list all natural gas optimization transactions, including, but not confined to, all downstream and upstream sales of transportation and storage capacity, involving the transportation and storage assets listed in First Discovery Request No. 1, above. For each transaction, please identify the counter-party to the transaction, the particular transportation and/or storage asset(s) involved in the transaction, the date of the transaction, the actual volumes included in the transaction, the actual sales or settlement price paid by the counter-party for the released capacity, and any internal profit and loss calculations or assumptions related to the transaction.

RESPONSE: AEM objects to this request on the grounds that it is overly burdensome and the costs to produce such information exceed the benefit to the CAD. Specifically, the information requested does not exist in the designated format and the information as requested is not kept in the normal course of AEM's business practices. Without waiving these objections, see the documents produced by AEM to the CAD's discovery request number five to AEM. The documents provided in response to AEM5 and the information contained therein constitute HIGHLY CONFIDENTIAL – AEM MATERIAL (Outside Counsel Only) that is subject to the Protective Order in this matter.

SUPPLEMENTAL RESPONSE: AEM hereby reaffirms its original response and objections to AEM4. Without waiving or modifying the same in any respect, AEM submits this Supplemental Response.

Since the submission of AEM's original response to AEM4 to the CAD, the CAD has requested that AEM attempt to respond further to AEM4 at the most granular level at which the requested information is available in the normal course of AEM's business practices. Pursuant to the CAD's modified request, AEM hereby supplements its response to AEM4 and submits the document attached hereto as **AEM SUPPLEMENT TO AEM4/AEM16 (CAD's First Discovery Requests to AEM)**. The document provided in this supplemental response to AEM4

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and the information contained therein constitute HIGHLY CONFIDENTIAL – AEM MATERIAL (Outside Counsel Only) that is subject to the Protective Order in this matter.

AEM16. Please provide the excel spreadsheets by AEM customer, which indicate the profit and loss for each AEM customer for the fiscal years ended September 30, 2005, September 30, 2006, and September 30, 2007. Include in your response a narrative of the assumptions used in calculating the profit and loss for each AEM customer.

RESPONSE: AEM objects to this request on the grounds that it is overly burdensome and the costs to produce such information exceed the benefit to the CAD. Specifically, the documents requested do not exist in the designated format and the information as requested is not kept in the normal course of AEM's business practices. See AEM17.

SUPPLEMENTAL RESPONSE: AEM hereby reaffirms its original response and objections to AEM16. Without waiving or modifying the same in any respect, AEM submits this Supplemental Response.

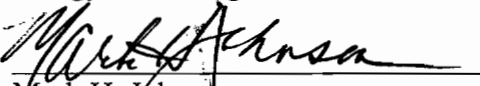
Since the submission of AEM's original response to AEM16 to the CAD, the CAD has requested that AEM attempt to respond further to AEM16 at the most granular level at which the requested information is available in the normal course of AEM's business practices. Pursuant to the CAD's modified request, AEM hereby supplements its response to AEM16 and submits the document attached hereto as **AEM SUPPLEMENT TO AEM4/AEM16 (CAD's First Discovery Requests to AEM)**. The document provided in this supplemental response to AEM16 and the information contained therein constitute HIGHLY CONFIDENTIAL – AEM MATERIAL (Outside Counsel Only) that is subject to the Protective Order in this matter.

VERIFICATION

I hereby swear or affirm that the answers to the foregoing discovery requests are true and accurate to the best of my knowledge and based upon information reasonably available to me.

Atmos Energy Marketing, LLC

By:


Mark H. Johnson

Its:

PRESIDENT



Melvin J. Malone

E. Todd Presnell

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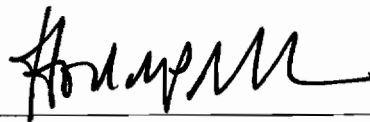
Counsel for Atmos Energy Marketing, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via first-class U.S. Mail, postage prepaid, hand-delivery or electronic mail upon:

	William T. Ramsey A. Scott Ross Neal & Harwell PLC One Nashville Place, Suite 2000 150 Fourth Avenue North Nashville, Tennessee 37219 ramseywt@nealharwell.com ross@nealharwell.com
Douglas C. Walther Associate General Counsel Atmos Energy Corporation 5430 LBJ Freeway, Suite 1800 Dallas, Texas 75240 douglas.walther@atmosenergy.com	
Henry M. Walker Boulton, Cummings, Conners & Berry PLC 1600 Division Street, Suite 700 P.O. Box 340025 Nashville, Tennessee 37203 hwalker@boultoncummins.com	Vance L. Broemel Joe Shirley Assistant Attorney General Office of the Attorney General Consumer Advocate and Protection Division P.O. Box 20207 Nashville, Tennessee 37202

This the 7th day of May, 2008.



E. Todd Presnell

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REDACTED