

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

IN RE:

**DOCKET TO EVALUATE ATMOS
ENERGY CORPORATION'S GAS
PURCHASES AND RELATED SHARING
INCENTIVES**

DOCKET NO. 07-00225

PETITION TO INTERVENE

Robert E. Cooper, Jr., the Attorney General and Reporter for the State of Tennessee, through the Consumer Advocate and Protection Division of the Office of Attorney General ("Consumer Advocate"), pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions to intervene in this docket on behalf of the public interest because the Consumer Advocate is concerned that assets at issue in this docket are being sold for less than their fair market value, thereby depriving customers of Atmos Energy Corporation ("Atmos") of money that should be used to lower the rates they pay for natural gas service. Specifically, customers of Atmos have the right to receive the fair market value for the sale of any unused space or capacity on the pipeline and distribution system built for and/or paid by them; accordingly, the Consumer Advocate believes it is necessary to investigate the sale of such unused space or capacity by Atmos to its affiliate, Atmos Energy Marketing "(AEM)", in order to ensure that it is not being sold for less than its fair market value. For cause, the Petitioner would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers by initiating contested cases and by participating or intervening in proceedings in accordance with the Uniform Administrative Procedures Act and Tennessee Regulatory Authority rules.

2. Atmos is a public utility regulated by the Tennessee Regulatory Authority. Atmos sells and distributes natural gas to consumers in the State of Tennessee. Atmos's principal place of business in Tennessee is 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067-6226.

3. The natural gas pipeline and distribution system used by Atmos and paid for by customers of Atmos is specifically designed to be able to provide enough capacity to carry the gas needed to heat homes and buildings and provide for other needs on the coldest day of the year. Because this design is based on the highest expected demand during cold weather, there is generally an unused portion of the pipeline and distribution system available at other times of the year. This unused system capacity is currently being sold by Atmos to its affiliate, AEM.

4. In a recent rate case before the TRA, Docket No. 05-00258, it was found that AEM is currently paying approximately \$782,978 for the unused pipeline capacity in Tennessee and Virginia on an annual basis. Order Resolving Discovery and Protective Order Disputes and Requiring Filings, TRA Docket No. 05-00258, June 14, 2006, at page 7 (footnote 20). Atmos then allocates approximately \$300,000 of this money annually to Tennessee; of this \$300,000, Atmos receives \$30,000 and Atmos's customers receive the remaining \$270,000. Id.

5. By way of comparison, Nashville Gas Company, a natural gas company also regulated by the Tennessee Regulatory Authority, sells its system capacity to a nonaffiliated asset management company.¹ According to TRA Chairman Dr. Eddie Roberson, under the terms of a settlement agreement in Docket No. 05-00165 among Nashville Gas Company, the Consumer Advocate, and the Audit Staff of the Tennessee Regulatory Authority, which was approved by the Authority on

¹In June, 2007 (reporting 12 months to date) Nashville Gas had \$238.7 million total sales and 160,003 total customers; Atmos had \$171.9 million total sales and 126,394 total customers. TRA Report 3.03.

October 22, 2007, customers of Nashville Gas Company will receive about \$643,000 more in incentive savings for the most recently reported plan year (July 1, 2006 - June 30, 2007) than they would have under the old incentive plan. Thus, the increase in savings alone under the Nashville Gas plan is greater than the total received by Atmos customers.

6. The Tennessee Regulatory Authority opened the present Docket No. 07-00225 on August 20, 2007, “for the purpose of evaluating Atmos’ gas purchases and related sharing incentives (i.e., asset management, capacity release and related matters).” TRA Order Denying Motion for Reconsideration of Order Severing the Transportation Tariff and Asset Management Issues, Docket No. 07-00105, October 1, 2007, at page 3.

7. The Consumer Advocate has conducted a preliminary investigation of this matter and is concerned that customers of Atmos are not receiving adequate payment for the sale of unused system capacity that they have paid for.

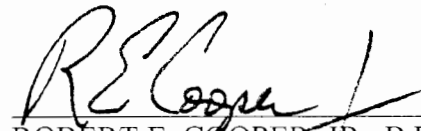
8. Additional investigation and discovery will be needed to determine exactly how much customers should be paid for the sale of Atmos’s system capacity which customers have already paid for in their rates.

9. As stated above, the Authority has already convened a contested case proceeding in this matter; furthermore, at the August 20, 2007, TRA Conference, Director Pat Miller, while discussing this docket, stated that petitions to intervene filed in this docket by the parties in Docket No. 05-00258 should be granted “automatically.” TRA Conference Transcript, August 20, 2007, at page 42:12-14. The Consumer Advocate was a party in Docket No. 05-00258.

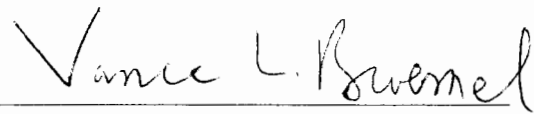
10. Only by intervening and participating in this proceeding can the Consumer Advocate work adequately to protect the interests of consumers.

Wherefore, Petitioner asks the Authority to grant the Petition to Intervene.

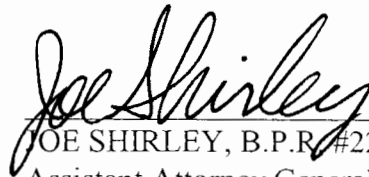
RESPECTFULLY SUBMITTED,



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Dated: 9 November, 2007

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, or electronic mail upon:

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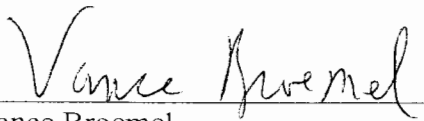
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This the 9th day of November, 2007.


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