

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

April 18, 2008

IN RE:

**PETITION OF ATMOS ENERGY CORPORATION FOR
APPROVAL OF THE CONTRACT(S) REGARDING GAS
COMMODITY REQUIREMENTS AND MANAGEMENT
OF TRANSPORTATION STORAGE CONTRACTS**

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**DOCKET NO.
08-00024**

ORDER ESTABLISHING ISSUES AND PROCEDURAL SCHEDULE

This matter came before the Hearing Officer for a Status Conference held on March 28, 2008 for the purposes of discussing the issues in this docket, determining the need for discovery, establishing a procedural schedule and other preliminary matters.

BACKGROUND

This docket was opened on February 7, 2008, upon the filing of *Atmos Energy Corporation's Preliminary Filing Request for Proposals in Expectation that Atmos Will Seek Approval of Any Resulting Contract Once Bidding Process is Complete* ("Preliminary Filing"). During the regularly scheduled Authority Conference held February 25, 2008, Chairman Eddie Roberson, Director Tré Hargett and Director Ron Jones, the panel assigned to this docket, voted unanimously to convene a contested case proceeding and to appoint General Counsel or his designee to act as the Hearing Officer to handle any preliminary matters prior to the Hearing, including pending motions, establishing an issues list and procedural schedule, and entering a protective order.

On March 20, 2008, the Hearing Officer issued an Order granting the petitions to intervene filed by the Atmos Intervention Group (“AIG”) and the Consumer Advocate and Protection Division of the Office of the Attorney General (“Consumer Advocate”). Additionally, in the Order, the Hearing Officer set a Status Conference for March 28, 2008. The *Notice of Status Conference*, issued by the Hearing Officer on March 24, 2008, stated that the parties should be prepared to discuss the proposed issues to be resolved in this docket, to establish a procedural schedule, to discuss discovery and to address any other preliminary matters during the Status Conference. The Hearing Officer made revisions to a proposed protective order submitted by Atmos and, after receiving comments from the parties, entered the Protective Order in this docket on March 26, 2008.

MARCH 28, 2008 STATUS CONFERENCE

The Status Conference was convened on March 28, 2008. The parties were represented as follows:

Atmos Energy Corporation – J. Scott Ross, Esq., Neal & Harwell, PLC, 2000 One Nashville Place, 150 Fourth Avenue North, Nashville, Tennessee 37219 and **Patricia J. Childers**, Vice President of Rates and Regulatory Affairs of the Kentucky/Mid-States Division of Atmos Energy Corporation, 810 Crescent Centre Drive, Suite 600, Franklin, TN 37067;

Consumer Advocate - Timothy Phillips, Esq. and Joe Shirley, Esq., Office of the Attorney General, P.O. Box 20207, Nashville, Tennessee, 37202; and

Atmos Intervention Group (“AIG”) – Henry M. Walker, Esq., Boulton, Cummings, Connors & Berry PLC, 1600 Division Street, Suite 700, Nashville, Tennessee 37203 (by telephone).

A. Issues for Resolution

The first matter addressed during the Status Conference was the establishment of a list of issues to be considered in this docket. Atmos argued that the sole issue to be decided by the TRA is whether Atmos has complied with the provisions of its tariff as those provisions relate to

the RFP process and the issuance of the contract in question. The Company asserted that it has complied with the Request for Proposal (“RFP”) procedures in its tariff and therefore, the contract should be approved without delay.

The Consumer Advocate stated that there were two broad categories of issues that could be addressed in this docket. The set of issues would address the RFP process and the awarding of the contract including a review of the terms and conditions of the contract to determine whether there are provisions which could cause harm to consumers or others. Also, there is the issue of public disclosure of information and documentation filed by Atmos in this docket and designated as confidential.

The Consumer Advocate explained another category of issues that could be addressed in this docket which relate to the appropriate sizing and the appropriate manner to value Atmos’ gas supply assets and the appropriate sharing of this value with consumers. The Consumer Advocate recognized that another active docket, TRA Docket No. 07-00225, would be a satisfactory forum for addressing these particular issues.

Based on the arguments and positions presented by the Consumer Advocate and Atmos, the Hearing Officer acknowledges that there is some overlap of issues in this docket and issues being addressed in Docket No. 07-00225. Nevertheless, the purpose of this current docket is to determine whether the current proposed agreement should be approved. The components of making that decision involve determining whether Atmos complied with its tariff in bidding and awarding the contract and whether the contract selected from the bids provides benefit to Atmos’ customers.

The Hearing Officer determines that issues concerning valuation of gas supply assets and consumer benefits that should flow from those assets will not be addressed in this docket because of judicial and administrative economy and the need to expedite the resolution of this docket. The Hearing Officer specifically recognizes that the Consumer Advocate is not waiving these issues by not asserting them and can reasonably expect to have these issues addressed in Docket No. 07-00225.

The Consumer Advocate expressed concern that Atmos initially filed its motion for approval and supporting documentation under seal in this case. The Consumer Advocate asserted that certain information about the contract and arrangements in this docket should be disclosed to the public. Atmos stated that it could not agree to allow all the documentation concerning this contract to be filed in this docket without protection for certain information. Atmos does not dispute that the confidentiality of information filed in this docket needs to be addressed as an issue in this docket. Therefore, the Hearing Officer determines that the issue concerning the confidentiality of information filed in this docket will be an issue to be addressed in this docket.

Upon consideration of the filings of the parties and arguments made by the parties during the Status Conference, the Hearing Officer determines that all issues for consideration in this docket are set forth on the Issues List attached to this Order as **Exhibit A**.

B. Procedural Schedule

During the Status Conference, Atmos presented a proposed procedural schedule to the parties. The Hearing Officer took a short recess to allow the parties to discuss the procedural schedule proposed by Atmos and, upon reconvening the Status Conference, the parties stated that they had reached an agreement concerning the procedural schedule. The Hearing Officer finds


that the proposed procedural schedule, as agreed to by the parties, represents a sincere attempt to move this docket toward deliberations with all due speed while providing the parties a reasonable amount of time to prepare the case for a Hearing. The parties agreed that there would be no live testimony from witnesses during the Hearing and that no pre-filed testimony would be submitted. Instead, the parties will submit briefs on the issues and provide oral argument at the Hearing. Representatives of the parties will be available during the Hearing to respond to questions from the Panel. The Procedural Schedule is attached as **Exhibit B** to this Order.

C. Discovery

During the Status Conference, the parties were able to reach agreement on the nature of discovery and jointly agreed that the standard forty question limit for discovery would be sufficient. The parties jointly agreed that no further discovery would be needed. The Hearing Officer adopts the parties' agreement regarding amount and nature of discovery in this docket.

IT IS THEREFORE ORDERED THAT:

1. The issues for consideration by the Panel in this docket are as agreed to by the parties and as set forth in **Exhibit A** to this Order.
2. The Procedural Schedule, as agreed to be the parties and attached to this Order as **Exhibit B**, is adopted and is in full force and effect. Any request to modify this schedule shall be in writing and state whether any party objects to the proposed modification.
3. The amount and nature of discovery in this docket shall be as agreed to by the parties and as set forth in this Order.


J. Richard Collier
Hearing Officer

TRA DOCKET NO. 08-00024

ISSUES LIST

1. Whether Atmos has complied with its Tariff requirements in bidding and awarding of the contract for gas commodity requirements and management of transportation storage contracts submitted for approval of the Tennessee Regulatory Authority??
2. Whether the Asset Management and Agency Agreement submitted for approval of the Tennessee Regulatory Authority should be approved for the benefit of Atmos' customers?
3. Whether it is proper for Atmos' to designate certain filings in this docket as confidential and therefore under the Protective Order?

EXHIBIT A

TRA DOCKET NO. 08-00024

PROCEDURAL SCHEDULE

March 28, 2008	Initial Status Conference
April 2, 2008	Discovery Issued by CAPD Due
April 9, 2008	Company Responses to Discovery Due
April 24, 2008	Initial Briefs Due (All Parties) ¹
April 30, 2008	Reply Briefs Due (All Parties)
May 5, 2008	Oral Arguments (All Parties)

EXHIBIT B

¹ Dates for filing of briefs have been modified from those proposed during the Status Conference.