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**1. WHETHER ATMOS HAS COMPLIED WITH ITS TARIFF IN BIDDING AND
AWARDING THE ASSET MANAGEMENT CONTRACT?**

As set forth in its initial Brief, the Consumer Advocate does not take a position on this issue. The Consumer Advocate would acknowledge, however, that in its investigation of this case it has found nothing to indicate any improprieties in the bid process.

**2. WHETHER THE ASSET MANAGEMENT CONTRACT IS IN THE BEST
INTERESTS OF ATMOS'S CUSTOMERS?**

As with the issue of the propriety of the bid process, the Consumer Advocate does not take a position on this issue. This does not mean, however, that the Consumer Advocate is not concerned with the best interests of Tennessee consumers. Rather, it simply means that the Consumer Advocate believes that the present docket is not the right forum to determine this issue.

In its brief, Atmos argues, in essence, that the winning bid is in the best interests of consumers because it is the best bid received: "AEC chose AEM's bid because it contained the best price terms (i.e. the lowest overall net gas cost) and therefore the best value for Tennessee ratepayers." Atmos Memorandum in Support at page 1. Just because one bid was superior to the others, however, does not mean that it is necessarily in the best interests of consumers.

For example, the bids in this case were on a fixed-sum basis; that is, the bidders agreed to pay Atmos a fixed sum for the right to manage Atmos's assets. It is possible, however, that payment in the form of a sharing between the bidder and Atmos, such as the arrangement between Sequent and Chattanooga Gas whereby the two parties currently share the profits

received from the sale of assets, would be superior to the fixed-sum method.

As set forth in its initial Brief, the Consumer Advocate maintains that the determination of what is in the best interests of Tennessee consumers cannot be made in a docket as compressed as the present one. Such a determination will require an extensive investigation, such as the one presently underway in Docket No. 07-00225, Docket to Evaluate Atmos Energy Corporation's Gas Purchases and Related Sharing Incentives. In its initial Brief, the Consumer Advocate set forth its position that nothing in the present docket should be taken as prejudging any findings in Docket 07-00225. Based on a review of the Atmos initial brief in the present case, it does not appear that Atmos is attempting to do any such thing. Accordingly, the Consumer Advocate sees no need to reinforce the arguments previously set forth on this issue.

3. WHETHER THE CURRENTLY CONFIDENTIAL AMOUNT OF THE WINNING BID FOR THE ASSET MANAGEMENT CONTRACT SHOULD BE MADE PUBLIC?

The issue of whether the winning bid should be made public is the issue that most seriously divides Atmos and the Consumer Advocate. The Atmos position is set forth at pages 16-20 of its initial brief, and relies mainly on the need for a sealed bid procedure for awarding asset management contracts, as well as the fact that the TRA recently decided to allow Chattanooga Gas to maintain the secrecy of the Sequent bid for Chattanooga Gas assets in Docket No. 08-00012. As set forth in the Consumer Advocate's Brief, however, there is a significant difference between that case and the present one; namely, the fact that the prior amount paid by AEM for the asset management contract that was in place before the one proposed in the present docket was disclosed to the public.

Thus, if the TRA allows Atmos to keep the winning bid amount secret it will amount to allowing a regulated utility to pick and choose when and if it will allow the public to know what is being done with the assets consumers have paid for. If it was okay to reveal the prior bid amount but not the present bid, doesn't this appear to indicate that there is something in this bid that Atmos doesn't want the public to see? As explained in the Consumer Advocate's initial brief, such secrecy is not good public policy.

Furthermore, the Consumer Advocate understands the need for a sealed bid procedure in the awarding of contracts for public goods and services, and it does not seek to alter this procedure. The Consumer Advocate does not take the position that competitive bids must be published before the resulting contract is awarded. The Consumer Advocate merely seeks to have only the winning bid published as part of the contract approval process; it has never sought to have all the bids published. Additionally, once the contract is approved, the winning bid is not merely another bid; rather, it represents a TRA-sanctioned business deal that opens a regulated revenue stream for the company. In conclusion on this issue, the Consumer Advocate will simply quote from its initial Brief:

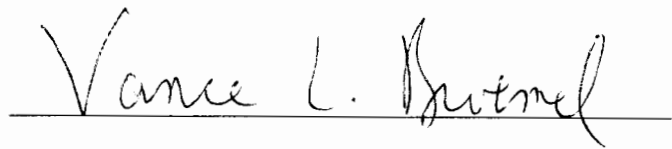
Additionally, publishing the amount of the winning bid will help assure that the best deal is approved. If the winning bid is announced, other companies submitting bids will be in a better position to make decisions regarding whether their further involvement in the process is warranted. Such information is routinely published on the bid opening date for RFPs involving public goods and services. Furthermore, disclosure of the winning bid will not cause any significant harm to Atmos or AEM. In three years when the contract must be rebid, this information will be stale. Natural gas marketing is dynamic and volatile, and the value of any given set of assets is likely to change significantly over such periods of time. The substantial differences in the amounts of the bids received by Tennessee companies for asset management services over the last couple of RFP cycles confirm this point.

CONCLUSION

In summary, the Consumer Advocate's position on the three issues in this case is:

- (1) The Consumer Advocate does not take a position on the issue of whether Atmos has complied with its tariff in bidding and awarding the asset management contract;
- (2) The Consumer Advocate believes that the present docket is not the proper one in which to determine whether the asset management contract is in the best interests of Atmos's customers, but that this issue should be determined in Docket No. 07-00225; and
- (3) The Consumer Advocate believes that the currently confidential amount of the winning bid for the asset management contract should be made public.

Respectfully submitted,

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

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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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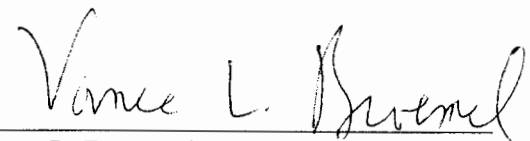
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This the 30th day of April, 2008.


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