

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

IN RE: REQUEST OF ATMOS ENERGY)	
CORPORATION FOR APPROVAL OF)	
CONTRACT(S) REGARDING GAS)	
COMMODITY REQUIREMENTS AND)	TRA Docket No. 08-00024
MANAGEMENT OF TRANSPORTATION)	
AND STORAGE CONTRACTS)	

**ATMOS ENERGY CORPORATION'S RESPONSE TO
ATMOS INTERVENTION GROUP'S
PETITION TO INTERVENE**

Comes now Atmos Energy Corporation ("AEC") and files this its Response in opposition to the Petition to Intervene filed herein by Atmos Intervention Group ("AIG") and, in support, respectfully states as follows:

1. On December 6, 2007, the Tennessee Regulatory Authority ("TRA") entered an order in TRA Docket No. 05-00253 approving AEC's proposed tariff amendment to incorporate the implementation of request for proposal (RFP) procedures for the selection of an asset manager. The TRA had previously voted unanimously to approve the tariff proposed by AEC given that the RFP procedures outlined in the tariff are the same as those approved for Chattanooga Gas Company. AEC's revised tariff sheets incorporating the approved RFP procedures were filed effective November 29, 2007.

2. On January 29, 2008, AEC issued a request for proposals for gas commodity supply and asset management for the period of April 1, 2008 through March 31, 2011 with respect to AEC's distribution systems in Tennessee and Virginia (the "Current RFP"). AEC's current asset management agreement with Atmos Energy

Marketing, LLC (“AEM”) expires on March 31, 2008. Although not required by the terms of its tariff or any rule of the TRA, AEC, at the request of TRA Staff, filed the RFP with the TRA on February 7, 2008, which is attached to AEC’s *Preliminary Filing of Requests for Proposals in Expectation that Atmos will Seek Approval of any Resulting Contract Once Bidding Process is Complete*.

3. AIG subsequently filed a Petition to Intervene that is now before the TRA in this docket, although AEC has requested no form of action or relief by the TRA as of the date hereof with respect to the Current RFP. AIG requests permission to intervene in this docket predicated upon AIG’s contention that this docket may address, among other things, the terms and conditions under which AIG’s members purchase natural gas or gas transportation services, and that any determination herein may affect AIG’s legal rights, duties, privileges, immunities or other legal rights.

4. AEC objects to AIG’s attempted intervention in this docket because it has absolutely no affected interest in this docket. Specifically, all but one of the members of AIG are transportation customers of AEC who purchase their natural gas from third-party marketers.¹ Under AEC’s Rate Schedule 260 concerning transportation service, these AIG members are all responsible for procuring their own transportation on the interstate pipeline system to ensure the delivery of their gas commodity to AEC’s city gates. As transportation customers, they do not have to pay gas costs collected by AEC through its purchased gas adjustment (“PGA”) mechanism.

5. The purpose of the Current RFP is to solicit gas supply and asset management proposals in connection with AEC’s service to its firm sales customers who

¹ That one member, Berkline, has 13 active accounts, one of which would meet the threshold eligibility requirements for transportation, but which does not currently transport.

pay PGA rates. As transportation customers, any change in PGA rates that may flow from an asset management agreement awarded pursuant to the Current RFP would not affect these AIG members. And none of the members of the AIG are recipients of the Current RFP inasmuch as they are neither gas suppliers nor asset managers. They have no legal interest in the Current RFP or the approval by the TRA of any contract that may result therefrom.

6. Upon information and belief, it is not the AIG members that have any real interest in this docket, but rather their consultant, Tennessee Energy Consultants (“TEC”), is the real party having an interest. TEC was not sent the Current RFP as a prospective bidder because it is not qualified or financially capable of bidding on the Current RFP or performing the supply and asset management functions required thereby.

AEC believes that the real motives for the intervention of AIG and/or TEC in this docket are the same or similar to that of Stand Energy Corporation. In AEC’s recent general rate case before the TRA in Docket No. 07-00105, and again in the proceeding involving proposed changes to AEC’s transportation docket in TRA Docket No. 07-00020, AIG proposed tariff provisions whereby AEC’s pipeline transportation and storage capacity would be made available for use by transportation customers and/or their marketers. AEC believes that is also the ultimate goal of AIG in its participation in the TRA Docket No. 07-00225 (the “Asset Management Docket”) and in this docket. AIG wants flexible access to AEC’s firm capacity assets at discounted rates, outside of an AMA, so that it can benefit financially as a gas marketer.

7. As a regulated utility, AEC has a paramount obligation to meet the needs of its firm sales customers in Tennessee at all times and at prudent prices and terms. This

obligation entails securing adequate supplies of gas commodity and obtaining additional value for capacity assets that are paid for by AEC's ratepayers. AIG is attempting to interfere in an orderly RFP process that the TRA has already approved, not only for AEC but also for Chattanooga Gas Company. On February 25, 2008, the TRA approved an AMA for Chattanooga with an affiliate that entails both commodity supply and asset management, and AEC is unaware of any intervention in that docket by AIG.² AEC does not believe that a handful of transportation customers and their consultant should be allowed to interfere with the supply to over 152,000 customers in Tennessee and Virginia. The TRA should deny AIG's baseless motion to intervene and allow AEC to fulfill its obligations to its customers.

Respectfully submitted,

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² *Request of Chattanooga Gas Company for Approval of Asset Management Agreement*, TRA Docket No. 08-00012.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 3 day of March, 2008

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