

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Atmos)	
Energy Corporation for a Variance and)	Case No. GE-2009-0443
Waiver from the Provisions of)	
4 CSR 240-3.235.)	

STAFF RECOMMENDATION IN SUPPORT OF WAIVER

COMES NOW the Staff of the Commission and for its Recommendation in Support of Waiver states:

1. On June 19, 2009, Atmos Energy Corporation (Atmos or Company) filed its Application for a Variance and Waiver (Application) from the provisions of Commission Rule 4 CSR 240-3.25 to allow the Company to file its next rate case without the inclusion of a new depreciation study.

2 On June 23, 2009, the Commission issued its Order Directing Notice And Order Directing Filing setting an intervention deadline of June 30, 2009 and a date for Staff's response and recommendation no later than July 8, 2008. Noranda Aluminum timely filed to intervene.

3. In the Stipulation and Agreement (Agreement) approved by the Commission in Case No. GR-2006-0387, Atmos had agreed to comply with 4 CSR 240-40.040 and to update the vintage portion of their continuing property records in recognition of the fact that the existing records were not properly vintaged.

4. In Case No. GE-2008-0342, the Commission granted Atmos a waiver from 4 CSR-240-40.040(3) requiring vintage data because Atmos was unable to obtain or reconstruct the vintage data.

5. Atmos' problems with vintage data stem from its 1997 acquisition of the natural gas distribution assets of United Cities Gas Company in Case No. GM-97-70. At that time, United Cities did not keep all of the assets vintaged in their plant property records. Vintaging is the process of keeping asset records for each year as separate groups. The separate groups are used in mortality studies to estimate asset life, which is used to figure depreciation (rate of return of capital). Vintage year is defined in 4 CSR 240-40(3) Uniform System of Accounts – Gas Corporations (J) as:

Maintain records which classify, for each plant account, the amounts of annual additions and retirements so as to show the number and cost of various record units or retirement units by vintage year.

6. In section VI of the Agreement in Case No. GR-2006-0387, Atmos had agreed to update the vintage portion of the continuing property records.

7. For the acquired assets with no vintage record, Atmos attempted a re-vintaging process. Atmos reviewed with Commission Staff the re-vintaging process and the process for retirement value related to assets that will continue to have no vintage. Atmos was able to extract information from legacy accounting systems to allow re-vintaging 7,742 of 8,848 asset records. For assets with no vintage record, Atmos will record retirements into appropriate accounts based on the average cost per unit of the retirements by business segment and account for the date of retirement. An inability to fully vintage the records resulted in the filing and Order Granting Waiver in Case No. GE-2008-0342.

8. The rule Atmos now seeks waiver from (4 CSR 240-3.235) relates to the filing requirements for gas utility rate increase requests. That rule contains a provision requiring the filing of a depreciation study, database and property unit catalog by the gas

utility with a rate case, if the utility has not submitted a depreciation study within three (3) years of the filing date. 4 CSR 240-3.235(A) also states:

However, a gas utility need not submit a depreciation study, database or property unit catalog to the extent that the commission's staff received these items from the utility during the three (3) years prior to the utility filing for a general rate increase or before five (5) years have elapsed since the last time the commission's staff received a depreciation study, database and property unit catalog from the utility.

9. Considering the requirements of 4 CSR 240-3.235 and that the Commission granted Atmos a waiver from the provisions of 4 CSR-240-40.040(3) on the current disposition of the depreciation data in GE-2008-0342, Staff concurs with the Company's assessment in its Application.

10. Staff concurs with the actions taken by Atmos in this matter and supports the granting of a waiver as requested in the Company's Application, subject to certain conditions. First, this waiver will apply only to a rate case filed in calendar year 2009. Second, Atmos will not propose changes to its depreciation rates as a part of its 2009 rate case.

11. Based on its review of the Company's Application, Staff believes the granting of this waiver does no harm to the ratepayer or to the Company. Depreciation expense will remain consistent with the expenditure of capital. Staff is unopposed to the Company's Motion For Expedited Treatment.

WHEREFORE, for the foregoing reasons, Staff recommends the Commission approve Atmos' Application for waiver from 4 CSR 240-3.235 subject to the following conditions:

(1) this waiver will apply only to a rate case filed in calendar year 2009; and,

- (2) Atmos will not propose changes to its depreciation rates as a part of its 2009 rate case.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin

Senior Counsel

Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 526-7779

(573) 751-9285 (FAX)

bob.berlin@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 8th day of July 2009.

/s/ Robert S. Berlin

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

STATE OF MISSOURI)

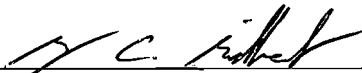
ss.)

Case No. GE-2009-0443

COUNTY OF COLE)

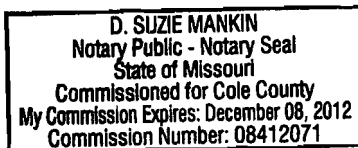
VERIFICATION of GUY C. GILBERT

Comes now Guy C. Gilbert, M.S., P.E., R.G., employee of the Staff, as an Utility Regulatory Engineer II, of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that the Affiant has read the foregoing pleading styled "In the Matter of the Application of Atmos Energy Corporation for a Variance and Waiver from the Provisions of 4 CSR 240-3.235", in Case No. GE-2009-0443 and that the facts therein are true and correct to the best of his knowledge, information, and belief.



Affiant: Guy C. Gilbert, M.S., P.E., R.G.
Utility Regulatory Engineer II
Engineering and Management Services Department

Subscribed and affirmed before me this 8th day of July, 2009.





NOTARY PUBLIC
