

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Atmos Energy Corporation's )  
Filing for Purchased Gas Adjustments in the ) Case No. GR-2007-0403  
2006-2007 Period. )

**STIPULATION AND AGREEMENT**

**COME NOW** Atmos Energy Corporation (“Atmos” or “Company”) and the Staff of the Missouri Public Service Commission (“Staff”) (collectively “Signatory Parties”), and submit this Stipulation And Agreement (“Agreement”) for approval by the Missouri Public Service Commission (“Commission”). This Agreement resolves all remaining issues in this 2006-2007 Actual Cost Adjustment (“ACA”) proceeding.

1. On December 29, 2008, the Commission Staff filed its Staff Recommendation following completion of the audit of Atmos’ 2006-2007 Actual Cost Adjustment (“ACA”) filing. The Staff’s audit consisted, among other things, of an analysis of the billed revenues and actual gas costs included in the Company’s computation of the ACA for the 2006-2007 period.

2. On February 5, 2009, Atmos filed its Response to the Staff’s Recommendation, (Response) wherein the Company agreed with a number of Staff recommendations and took issue with others. Following is a brief discussion of each of the recommendations to which Atmos objected in its Response, as well as the resolution eventually agreed to by the parties.

3. Affiliated Transactions—\*\* \_\_\_\_\_  
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4. Neelyville Allocation—Staff proposed that gas commodity costs be reduced by \$3,966 for customers on the Neelyville district. For purposes of settling this case, the Signatory Parties have agreed that the Staff’s proposed adjustment of \*\*\_\_\_\_\_\*\*.

5. Request For Proposal (RFP) Policies—Staff proposed a number of recommendations to the RFP Policies that were in place in the 2006/2007 period. In order to resolve these concerns, the Company agrees to the following:

In addition to the RFP policies and procedures Atmos had in place in the 2006/2007 period in this case, Atmos agrees to supplement the RFP process for supply-only agreements and asset management agreements (AMA) on a moving forward basis to address the following:

a. In the RFP process, in order to clarify the gas supply receipt point and the treatment of field transport charges to the receipt point, the Company agrees to continue to include in all RFP Section 5.3 Pricing, which states that “All charges upstream of Atmos’ contracts shall be the sole responsibility of the supplier.”

b. Atmos shall clarify in the RFP process, the treatment of costs for gas supply to indicate whether Atmos is using a flat charge for fuel and Lost and Unaccounted for gas (L&U). Specifically, the RFP process will clarify whether this charge will be an adder Atmos will absorb or whether the bidder is to include the cost of fuel and L&U in its bid.

c. Atmos shall clarify all future gas supply RFP language to be consistent with the following agreements:

(1) The Company shall continue to credit gas cost for all amounts received from capacity release activity;

(2) The Company shall continue to structure all future AMA RFPs to protect Atmos' firm customers by having first right to all assets. The Company shall determine and shall include in future AMA RFPs minimum physical storage levels.

(3) The Company shall continue its long-standing policy of providing all potential bidders with the questions and answers to any RFP question appropriately asked by potential bidders. The Company shall continue to update its gas supply RFP website, which was created in April 2009. The Company shall permit anyone to register. Registered vendors shall receive an email notification from Atmos when RFPs are issued and posted on the website for the supply areas for which that vendor has indicated interest. Atmos shall provide a link so the vendor can click on a link in the email and visit the RFP website to view and download current or previous RFPs. The Company shall continue its historic practice of distributing paper RFPs to vendors, but may discontinue such practice after one year of website implementation. Each paper RFP shall instruct the vendor to register on the RFP website.

(4) The Company shall continue its long-standing policy and process of not allowing incumbent vendors the right to match the winning bid.

(5) For RFPs with short-term AMA (period of one year or less) or long-term AMA (period of over one year), the Company shall evaluate whether it receives a sufficient number of bid responses to each RFP to proceed with the AMA.

The Company shall continue to evaluate giving vendors the option to bid as either an AMA or as a supply-only RFP in future RFPs.

(6) The Company shall include the option to bid for multiple terms in future AMA RFPs. A vendor can bid for one year and/or multiple years. The Company's bid analysis shall provide sufficient detail to support its decisions.

(7) The Company shall continue to have controls in place to insure that any vendor only has access to its respective business won through a competitive bid process.

6. The ACA account balances agreed to by the parties are set forth in Appendix A-Tables 1-3, attached hereto and made a part of this Agreement for all purposes. The parties believe this settlement to be reasonable and beneficial to ratepayers, and therefore recommend that the Commission approve this Agreement as being in the public interest.

7. This Agreement has resulted from extensive negotiations among the parties, and the terms hereof are interdependent. In the event the Commission does not adopt this Agreement in total, then this Agreement shall be void and no Party shall be bound, prejudiced or in any way affected by any of the agreements or provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the parties to take other positions in other proceedings.

8. This Agreement is being entered into for the purpose of disposing of all issues in this case. None of the parties to this Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle, ratemaking principle, cost of

service determination or question of prudence underlying, or supposed to underlie, any of the issues provided for herein.

9. The parties further understand and agree that the provisions of this Agreement relate only to the specific matters referred to in the Agreement, and no party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Agreement. The parties further reserve the right to withdraw their support for the settlement in the event that the Commission modifies the Agreement in a manner which is adverse to the party withdrawing its support, and further, the parties reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the party contesting such Commission order.

10. In the event the Commission accepts the specific terms of this Agreement, the parties waive, with respect to the issues resolved herein, their respective rights: a) to call, examine and cross-examine witnesses pursuant to Section 536.070(2) RSMo 2000; b) to present oral argument or written briefs pursuant to Section 536.080.1 RSMo 2000; c) to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 2000; d) to seek rehearing pursuant to Section 386.500 RSMo 2000; and e) to seek judicial review pursuant to Section 386.510 RSMo 2000.

11. The Staff shall have the right to provide, at any agenda meeting at which this Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to

matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

12. Counsel for Staff and for Atmos have discussed this Stipulation and Agreement with the Office of Public Counsel and represent that Public Counsel will not oppose the Stipulation and Agreement and will not request a hearing.

**WHEREFORE**, the undersigned parties respectfully request that the Commission issue its Order:

- a) Approving all of the specific terms and conditions of this Stipulation And Agreement;
- b) Approving the ACA balances included in Appendix A - Table 1, Table 2 and Table 3;
- c) Granting such further relief as the Commission should find reasonable and just; and,
- d) Closing this case.

Respectfully submitted,

/s/ Robert S. Berlin  
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## Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 26th day of January, 2010.

/s/ Robert S. Berlin\_\_\_\_\_

<b>Areas B, K, and S</b>	<b>8-31-07 Ending Balances per Filing for 2006-2007</b>	<b>Staff Adjustments</b>	<b>Staff Recommended Ending Balances for 2006-2007</b>
<b>SEMO District (Area S)</b>			
Demand ACA	\$1,172,896	(\$2,939) (E)	\$1,169,957
Commodity ACA	(\$4,655,989)	(\$72,677) (A) \$5,700 (B) (\$2,916) (C)	(\$4,725,882)
<b>Kirksville District (Area K):</b>			
Demand ACA	\$45,963	\$0	\$45,963
Commodity ACA	(\$1,156,409)	(\$32,798) (A) (\$7,800) (B) (\$59) (C)	(\$1,197,066)
<b>Butler District (Area B):</b>			
Demand ACA	\$3,249	\$0	\$3,249
Commodity ACA	(\$719,693)	\$72,053 (A) \$625 (B) (\$18,494) (D)	(\$665,509)

Notes to Staff Adjustments:

- A) ACA beginning balances August 31, 2006 adjusted to prior year ending balances (Exhibit A)
- B) Hedging Cost Allocations
- C) Cash-out Provisions
- D) Butler Storage
- E) Carrying costs

**APPENDIX A--TABLE 1**



<b>(UNITED CITIES GAS) Areas P and U</b>	<b>8-31-07 Ending Balances per Filing for 2006-2007</b>	<b>Staff Adjustments</b>	<b>Staff Recommended Ending Balances for 2006-2007</b>
<b>Consolidated District:</b> Demand ACA	(\$346,239)	\$0	(\$346,239)
Commodity ACA	(\$1,493,288)	\$0 (A) \$1,388 (B) (\$3,290) (C) ** _____ ** (F)	(\$1,525,190)
<b>Neelyville District:</b> Demand ACA	(\$7,910)	(\$10) (A)	(\$7,920)
Commodity ACA	(\$56,277)	\$376 (A) \$14 (B) \$1,387 (D) ** _____ ** (E)	(\$58,466)

Notes to Staff Adjustments:

- A) ACA beginning balances May 31, 2006 adjusted to prior year ending balances (Exhibit A).
- B) Hedging Cost Allocation
- C) Cash-out Provisions
- D) Supply cost allocation
- E) Neelyville Allocation (Commodity cost allocation – August 2006)
- F) Affiliate Transactions

**APPENDIX A--TABLE 2**

<b>(GREELEY) Area G</b>	<b>8-31-07 Ending Balance per 2006-2007 Filing</b>	<b>Staff Adjustments</b>	<b>Staff Recommended Ending Balances for 2006-2007</b>
Total ACA Balance (E)	\$54,206	(\$56,217)(A) \$73 (B) (\$31,506) (C) ** _____ ** (D)	(\$35,065)

Notes to Staff Adjustments:

- A) ACA beginning balances May 31, 2006 adjusted to prior year ending balances (Exhibit A)
- B) Hedging Cost Allocation
- C) Greeley Storage
- D) Affiliated Transactions
- E) Combined demand balance of \$70,831 + commodity balance of (\$16,625). No interruptible customers on Area G.

APPENDIX A--Table 3