

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

In the Matter of Atmos Energy	)	
Corporation's Purchased Gas Adjustment	)	
(PGA) Factors to be Audited in its 2003-	)	Case No. GR-2004-0479
2004 Actual Cost Adjustment	)	

**SUGGESTIONS IN SUPPORT OF UNANIMOUS STIPULATION AND AGREEMENT**

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully submits its Suggestions In Support Of Unanimous Stipulation And Agreement.

**A. Background**

1. This proceeding concerns the 2003-2004 ACA filing for the Missouri operations of Atmos Energy Corporation ("Atmos" or "Company"). This would include Area G (Greeley Gas), Areas B, K and S (formerly Associated Natural Gas), and Areas P and U (formerly United Cities Gas). The Staff, Atmos, and the Office of the Public Counsel are parties to this case.

2. On November 23, 2005, following its annual ACA audit of Atmos, the Staff filed its Recommendation in this proceeding. Pursuant to the Commission's November 23, 2005 Order Directing Filing, Atmos timely filed its Response on December 19, 2005.

3. On March 3, 2006, the parties filed their Unanimous Stipulation And Agreement ("Agreement"). Paragraph 11 of the Agreement states that the Staff would file suggestions in support of the Agreement.

**B. Discussion**

4. As a result of clarifying discussions of the concerns raised by Atmos regarding Staff's recommendations, Atmos agreed to all but three. Of the remaining three issues, only one

involved dollars; namely, “Over-run Gas” for Area K (Kirksville). For this item, the Staff recommended an adjustment of (\$3,494) for firm accounts and (\$380) for interruptible accounts. As indicated in the Agreement, upon receiving additional information from Atmos concerning both over-runs occurring on the weekends and weather-related over-runs, and after reviewing the Company’s calculations to reflect these conditions, the Staff agreed that it is reasonable in the circumstances of this case to reduce the adjustments by a total of \$2,708 to (\$1,068) and (\$98), respectively. Paragraph 8 of the Agreement notes, among other things, that the parties’ agreement to the dollar settlement reflected therein does not constitute agreement to, or acquiescence in, any accounting or ratemaking principle, or cost of service determination.

5. The other two mildly contested issues were in the area of “Reliability Analyses and Gas Supply Planning.” One such issue was the Staff’s concern that Atmos’ practice of planning only for weather conditions that are within plus or minus 10% of normal does not take into account more extreme weather conditions that, although not as frequently experienced, can nevertheless have a significant impact on gas costs. The Company has agreed to develop and to provide to Staff in the summer of 2006 its flowing gas supply/storage policies and procedures for weather conditions beyond plus or minus 10% of normal. These plans are to be finalized before November 1, 2006 so that they may be utilized for the upcoming winter of 2006-2007. Atmos felt that Staff was requiring it to do detailed analysis with specific actions under specific conditions. Atmos wanted more flexibility in its planning and believes that the agreed-upon approach gives the Company more flexibility. Staff wants more detailed analysis and guidelines for extremes beyond 10% of normal, but is not prescribing how Atmos should do this.

6. The final issue requiring some movement on the part of the Staff concerns the Company’s inclusion of its requirements for “School Aggregation” service in both its pipeline

capacity and the peak day requirements. School aggregation service is similar to basic transportation service in that the schools are responsible for providing their own gas supplies. Atmos explained that even though schools receiving school aggregation service obtain capacity through a capacity release and are responsible for their own supply, Atmos is obligated to serve them if their supplier fails to deliver adequate supplies. Moreover, the Company's tariff provisions allow a customer in the school aggregation program to return to sales service on November 1 of any year by giving the Company only one month's notice in advance of the November-March winter season. By contrast, transportation customers must provide six months' notice. For these reasons, Atmos finds it necessary to include the school aggregation program in the Company's planning process. In light of Atmos' explanation of its responsibilities under its tariff provisions and because of the fact that the issue is not material in this case, the Staff decided not to pursue the issue at this time.

7. The Staff regards its movement with respect to only three issues, including a dollar reduction amounting to about \$2,700, as reasonable for purposes of a settlement of this case.

WHEREFORE, the Staff respectfully submits its Suggestions In Support Of Unanimous Stipulation And Agreement, and recommends that the Commission issue an Order approving the Unanimous Stipulation And Agreement (including the ACA and Transition Cost balances appended thereto), filed in this proceeding on March 3, 2006.

Respectfully submitted,

**/s/ Dennis L. Frey**

Dennis L. Frey  
Senior Counsel  
Missouri Bar No. 44697

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-8700 (Telephone)  
(573) 751-9285 (Fax)  
denny.frey@psc.mo.gov

### **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 20th day of March 2006.

**/s/ Dennis L. Frey**