

**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	)	

**UNANIMOUS STIPULATION AND AGREEMENT**

**COME NOW** Atmos Energy Corporation (“Atmos” or “Company”), the Staff of the Missouri Public Service Commission (“Staff”) and the Office of the Public Counsel (“Public Counsel”), and submit this Unanimous Stipulation And Agreement (“Agreement”) for approval by the Missouri Public Service Commission (“Commission”). This Agreement resolves all remaining issues in this 2003-2004 Actual Cost Adjustment (“ACA”) proceeding.

1. On November 23, 2005, following its annual ACA audit, the Staff filed its Recommendation in this proceeding.

2. On December 19, 2005, Atmos filed its Response to Staff Recommendation, wherein the Company agreed with a number of Staff recommendations and took issue with others. Discussions among the parties resulted in agreement on all issues, including changes to two Staff Adjustments, both of which are related to Over-run Gas for Area K (Kirksville). With respect to Hedging and Reliability/Planning matters, there were no dollar impacts, and with the exception of two Reliability/Planning items (discussed later in this document), the parties accepted the Staff’s recommendations contained in its November 23, 2005 Recommendation.

3. Following is a brief discussion of that issue for which two dollar amounts have changed relative to Staff’s Recommendation. Staff revised Table 1 of Appendix A to reflect these adjustments. (Tables 2 and 3 remain unchanged from the Staff Recommendation.)

## OVER-RUN GAS

Atmos did not agree with the Staff's Area K (Kirksville) over-run adjustments of (\$3,494) for firm and (\$380) for interruptible ACA accounts. *Resolution:* The Company recalculated the adjustments to exclude weather-related and weekend over-runs. The resultant adjustments are (\$1,068) for firm and (\$98) for interruptible. Upon receipt of the Company's calculations and explanations, the Staff agrees that the Company's calculations are reasonable in this case. Staff revised Table 1 to reflect the adjustments of (\$1,068) and (\$98), which are agreeable to the parties.

4. The ACA and Transition Cost account balances, as agreed to by the parties, are set forth in Tables 1, 2 and 3 of Appendix A, 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 these balances as being in the public interest.

5. In addition to the dollar adjustments to the ACA balances, the parties have reached agreement, as explained below, in the areas of Hedging and Reliability.

## HEDGING

The Company will continue to monitor the market movement and to evaluate various hedging alternatives in order to help ensure a successful and prudent hedging program.

## RELIABILITY ANALYSES AND GAS SUPPLY PLANNING

Although there is no adjustment related to reliability or supply planning, Staff documented concerns in the Reliability Analyses and Gas Supply Planning section of its November 23, 2005 Recommendation. A summary of the agreed-to Company responses to these concerns, based on both the submitted Atmos response (received 1/13/06) and subsequent discussions, is presented below.

- a. Data Concerns and Impact on Peak Day Estimate and Estimates of Monthly Requirements (Area G): Staff's Recommendation expressed concerns regarding usage data for the Greeley system (Area G). Staff also noted that because of Atmos' concerns with Greeley usage data accuracy, Atmos installed a new meter in July 2004. No follow-up is required at this time, as data from this new meter will first be applicable for estimates for the 2005/2006 peak day.
- b. Consolidated Propane Facility (Area U)

- (i) Staff's Recommendation expressed concerns regarding the propane facility beginning winter balance for the Consolidated service area. Atmos will monitor the inventory level and take any necessary action to ensure an appropriate inventory level to meet peak conditions on a going-forward basis
  - (ii) In addition, the Staff's Recommendation expressed concerns regarding the availability of monthly propane reports for the Consolidated area propane facility. Staff's Recommendation also noted that Atmos has these reports beginning around August 2004. Atmos agrees to provide these inventory worksheets to the Staff beginning with the 2004/2005 ACA review
- c. SEMO-Integrated Supply Plans (Area S)
  - (i) Staff's Recommendation expressed concerns relating to the Atmos' estimates of normal requirements and more generally, with its supply plans. Staff's Recommendation also noted that Atmos explains that its forecasting has improved since hiring a full-time forecasting professional in October 2003. Because there was no dollar impact during the 2003/2004 ACA period, no follow-up is required at this time. Staff will continue to monitor in the 2004/2005 ACA.
  - (ii) Staff's Recommendation expressed concerns regarding Atmos' lack of adherence to its storage plan. Atmos' response regarding storage is addressed in item d. immediately below.
- d. Variation from Normal Weather Gas Supply Plans (All Service Areas)

Staff's Recommendation expressed concerns that Atmos' plans were not sufficient because they only consider weather conditions that are within 10% of normal. This issue is not tied to reliability, as Atmos has addressed peak day requirements. However, the issue does pertain to gas supply planning and costs for cold or warm weather. *Resolution:* Atmos agrees to provide additional documentation of its policies and procedures for natural gas supply planning for extreme weather beyond plus or minus 10% of normal. These supply plans for extreme weather will address both flowing supply and storage. Atmos agrees to provide a draft of these revised policies and procedures to Staff in the summer of 2006. Atmos will finalize these policies and procedures prior to November 1, 2006 so that they are available for the 2006/2007 winter.

e. Capacity Release (All Service Areas)

Staff's ACA Recommendation requested that Atmos modify its procedures to summarize the revenues generated each month from each capacity release transaction. Staff clarified that it asks Atmos to track, only on a monthly basis, its capacity release transactions for each Missouri service area. Atmos agrees to modify its procedures to track monthly capacity release revenues transactions for each Missouri service area. Atmos will provide these monthly summaries to Staff beginning with the 2004/2005 ACA review.

f. School Aggregation

Staff's ACA Recommendation expressed concerns regarding Atmos' inclusion of school aggregation in its estimates for firm capacity and supply. Requirements for School Aggregation Service, a similar service to basic transportation, are included by Atmos in both the pipeline capacity and the peak day requirements, even though schools in the school aggregation service obtain capacity through a capacity release and are responsible for their own supply. Atmos responded that even though the schools are responsible for their own supply, the Company is obligated to serve them if their supplier fails to provide them with the necessary supply. Thus, it is necessary to include the school aggregation program in the Company's planning process. The 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 notice no later than October 1 of that year. Thus, Atmos only has 30 days to adjust its plans for schools in this program. By contrast, transportation customers must give the Company six months notice. *Resolution:* Staff will not pursue this issue at this time because it is not material in this case and because of the tariff provisions.

6. The ACA and Transition Cost account balances agreed to by the parties are set forth in Appendix A, 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 file suggestions or a memorandum in support of this Agreement, and the other parties shall have the right to file responsive suggestions or prepared testimony. The Staff shall also 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

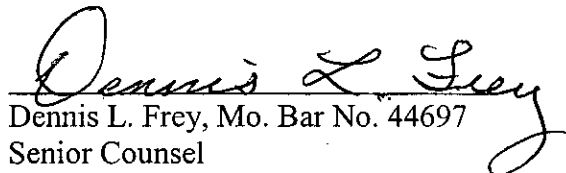
be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

12. To assist the Commission in its review of this Agreement, the parties also request that the Commission advise them of any additional information that the Commission may desire from the parties relating to the matters addressed in this Agreement, including any procedures for furnishing such information to the Commission.


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

- a) Approving all of the specific terms and conditions of this Unanimous Stipulation And Agreement;
- b) Approving the ACA and Transition Cost 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.

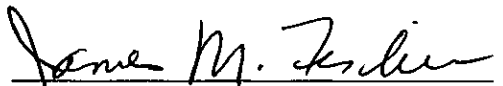
Respectfully submitted,

  
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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 3rd day of March 2006.

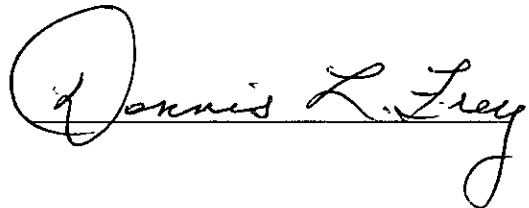


TABLE 1

(ANG) Areas B, K, and S	8-31-04 Ending (Over) or Under- Recoveries per Filing	Staff Adjustments	Staff Recommended Ending (Over) or Under- Recoveries for 2003-2004
<b>SEMO District (Area S)</b> Firm ACA	(\$1,967,569)	(\$67,967)(A) (\$106)(B) \$4,518 (C)	(\$2,031,124)
Interruptible ACA	\$149,536	(\$6,179)(A) \$27 (B) \$582 (C)	\$143,966
Transition Cost	(\$4,199)	\$0	(\$4,199)
<b>Kirksville District (Area K):</b> Firm ACA	(\$ 716,119)	\$17,048 (A) (\$157)(B) \$403 (C) (\$1,068)(D) (\$46,347)(E)	(\$ 746,240)
Interruptible ACA	(\$ 197,342)	\$1,604 (A) (\$53)(B) (\$3,458)(C) (\$98)(D)	(\$ 199,347)
Transition Cost	\$0	\$0	\$0
<b>Butler District (Area B):</b> Firm ACA	(\$257,376)	\$1 (A) \$105 (B) (\$1,914)(C)	(\$259,184)
Interruptible ACA	(\$33,664)	\$1(A) (\$37)(B) \$71 (C)	(\$33,629)
Transition Cost	\$0	\$0	\$0

Notes to Staff Adjustments:

- A) ACA beginning balances August 31, 2003 adjusted to prior year ending balances
- B) Refund beginning balances August 31, 2003 adjusted to prior year ending balances, then transferred into ACA accounts
- C) Adjustments to carrying costs on the under and over-recoveries of PGA/ACA costs



D) Over-run gas costs adjustment

E) Storage adjustment due to an error in a formula on the spreadsheet that the Company used to compute the cost of withdrawals for Kirksville.

**TABLE 2**

<b>(UNITED CITIES) Areas P and U</b>	<b>5-31-04 Ending Balances per Filing for 2003-2004</b>	<b>Staff Adjustments</b>	<b>Staff Recommended Ending Balances for 2003-2004</b>
<b>Consolidated District:</b>			
Demand ACA	(\$382,269)	\$2,889 (A)	(\$379,380)
Commodity ACA	(\$3,514,432)	\$200,748 (A) \$4,986 (B)	(\$3,308,698)
<b>Neelyville District:</b>			
Demand ACA	(\$ 3,897)	(\$348)(A)	(\$ 4,245)
Commodity ACA	(\$ 93,421)	\$8,578 (A)	(\$ 84,843)

Notes to Staff Adjustments:

(A) ACA beginning balances May 31, 2003 adjusted to prior year ending balances

(B) Adjustment of DCCB and carrying costs on under or over-recoveries of  
PGA/ACA costs

**TABLE 3**

<b>(GREELEY) Area G</b>	<b>5-31-04 Ending Balances per Filing for 2003- 2004</b>	<b>Staff Adjustments</b>	<b>Staff Recommended Ending Balances for 2003-2004</b>
ACA Beginning Balance 5-31-03	(\$5,902)	(\$1,111)(A)	(\$7,013)
Recovered Gas Cost	(\$246,252)		(\$246,252)
Purchased Gas Cost	\$267,512	(\$3,004)(B)	\$264,508
Refund Balance Transferred to ACA	\$4,483		\$4,483
Interest on Under/(Over) Recovery	\$265		\$265
Rounding Difference	\$1		\$1
ACA Ending Balance 5-31-04	\$20,107	(\$4,115)	\$15,992

Notes to Staff Adjustments:

A) ACA beginning balances May 31, 2003 adjusted to prior year ending balances

B) Reallocation of transportation and storage costs