

MEMORANDUM

TO: Missouri Public Service Commission Official Case File, Case No. GR-2011-0161
File No. YG-2011-0464
Atmos Energy Corporation

FROM: Thomas M. Imhoff, Energy Department - Tariffs/Rate Design

/s/ Lena M. Mantle 03/23/11

Energy Department/Date

/s/ Lera Shemwell 03/23/11

General Counsel's Office/Date

SUBJECT: Staff Recommendation in the Matter of Atmos Energy Corporation's Motion for Waiver of Tariff Provisions Related to the Filing of Revised ACA Factors and Motion for Expedited Treatment

DATE: March 23, 2011

On March 16, 2011, Atmos Energy Corporation (Atmos or Company), of Franklin, Tennessee, filed a Purchased Gas Adjustment (PGA) tariff sheet with the Missouri Public Service Commission (Commission) with a proposed effective date of April 1, 2011. In addition, Atmos filed a Motion for Waiver of Tariff Provisions and Motion for Expedited Treatment (Motion) to the filing of a revised Actual Cost Adjustment (ACA) Factor. On March 17, 2011, the Commission issued an ORDER DIRECTING STAFF TO FILE RECOMMENDATION AND ESTABLISHING TIME FOR RESPONSE (ORDER) directing Staff to file its recommendation no later than March 24, 2011. This memorandum is in response to that ORDER.

Atmos seeks a Waiver from its PGA tariff provisions to file a revised ACA factor for its Southeast Area – SEMO and Neelyville Districts, served by the Natural Gas Pipeline Company of America, Texas Eastern Pipeline Company, Mississippi River Transmission, and Ozark Gas Transmission, including the cities of Jackson, Charleston, New Madrid, Caruthersville, Kennett and Neelyville. Atmos' ACA level for its SEMO District will be nearly \$0 by the end of April, 2011. By making this change now, Atmos will have a *de minimus* ACA balance and avoid an under-collection of these costs for the upcoming regular ACA filing in November of 2011. The Commission's Energy Tariff/Rate Design Staff (Staff) has reviewed SEMO's ACA balance and is of the opinion this change should be made at this time. The effect of this change will increase the firm PGA factors from the current \$0.59983 per Ccf (100 cubic feet) to \$0.64490 per Ccf. This represents an increase of \$0.04507 per Ccf for the typical residential customer in the SEMO District.

The tariff sheet filed also reflects changes in Atmos' PGA factors as a result of estimated changes in the cost of natural gas.

For the Atmos Northeast Area (NEMO) (Hannibal, Canton, Bowling Green and Palmyra or Combined District) served by the Panhandle Eastern Pipeline Company, the effect of this change

will increase the firm PGA factors from the current \$0.60050 per Ccf to \$0.65050 per Ccf. This represents an increase of \$0.05 per Ccf for the typical residential customer in the NEMO District.

For the Atmos West Area (WEMO) including the Butler and Rich/Hill Hume areas the effect of this change will increase the firm PGA factors from the current \$0.53670 per Ccf to \$0.58670 per Ccf, which is an increase of \$0.05 per Ccf for the typical residential customer in the WEMO District.

The Atmos Kirksville Area, served by the ANR Pipeline Company (ANR), including the cities of Kirksville and Lancaster, remain unchanged.

Staff has verified that Atmos has filed its annual report and is not delinquent on any assessment. Staff is not aware of any issue currently pending before the Commission that affects, or is affected by, this filing.

Staff has reviewed the Company's tariff filing and Motion and has determined that the tariff sheet has been filed in compliance with Atmos' PGA Clause, Commission rules and regulations. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days notice is demonstrated by Atmos' Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings and its Motion. Staff has no objection to Atmos' request because the SEMO District's ACA balance will be nearing zero by the end of April, 2011, thereby avoiding an under-collection of gas costs.

Therefore, Staff recommends that the following tariff sheet and Motion be approved, as filed on March 16, 2011, and be allowed to become effective on April 1, 2011.

P.S.C. MO. No. 2

14th Revised SHEET NO. 44, Cancelling 13th SHEET NO. 44


Notary Public