

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2010-0238, File No. JG-2011-0204
Atmos Energy Corporation

FROM: Thomas Imhoff, Energy Department – Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/21/10 /s/ Lera L. Shemwell 10/21/10
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation for Atmos Energy Corporation's Winter PGA Filing
Effective November 1, 2010

DATE: October 22, 2010

On October 15, 2010, Atmos Energy Corporation (Atmos or Company) of Owensboro, Kentucky, filed a tariff sheet requesting an effective date of November 1, 2010. This tariff sheet was filed to reflect changes in the Atmos PGA factors as a result of estimated changes in the cost of natural gas for the upcoming Winter and changes in the Company's ACA factor. The Winter includes the months of November through March.

For the Atmos West Area - Butler District, served by Panhandle Eastern Pipe Line Company (PEPL), including the cities of Butler and Harrisonville, the effect of this change will be to increase the firm PGA rate from the current \$0.45375 per Ccf (100 cubic feet) to \$0.52544 per Ccf. This represents a \$0.07169 per Ccf increase.

For the Atmos West Area - Rich Hill / Hume District, served by the Southern Star Central Gas Pipeline Company (SSC), the effect of this change will be to increase the firm PGA rate from the current \$0.44615 per Ccf, to \$0.52544 per Ccf. This represents a \$0.07929 per Ccf increase.

For the Atmos Northeast Area (Hannibal, Canton, Bowling Green and Palmyra or Combined District), served by the Panhandle Eastern Pipeline Company, the effect of this change will be to increase the firm PGA factors from the current \$0.34800 per Ccf to \$0.57349 per Ccf. This represents a \$0.22549 per Ccf increase.

For the Atmos Kirksville Area, served by the ANR Pipeline Company (ANR), including the cities of Kirksville and Lancaster, the effect of these changes will increase the firm PGA factors for the 2009/2010 Winter to \$0.56770 per Ccf from the current, firm PGA factor of \$0.44901 per Ccf. This represents a \$0.11869 per Ccf increase.

For the Atmos Southeast Area - SEMO District, 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, Neelyville and Kennett, the effect of these changes will increase the firm PGA factors for the 2009/2010 Winter to \$0.59983 per Ccf from the current, firm PGA factor of \$0.39874 per Ccf. This represents a \$0.20109 per Ccf increase.

Case No. GR-2010-0238, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2009-2010 ACA filing. Case No. GR-2009-0417 was established to track the Company's PGA factors to be reviewed in its 2008-2009 ACA filing. Case No. GR-2008-0364 was established to track the Company's PGA factors to be reviewed in its 2007-2008 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR 2010-0238, GR-2008-0364, and GR-2009-0417.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2011.

Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with Atmos' PGA Clause, except that Staff found a typographical error in the clause that will be addressed in the Company's current rate case. Staff is of the opinion that good cause for approval of this tariff sheet 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. Therefore, Staff recommends that the following tariff sheet be approved, interim subject to refund:

P.S.C. MO. No. 2

12th Revised Sheet No. 44, Canceling 11th Revised No. 44

