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October 18, 2000

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Director, Utility Services

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Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-99-392

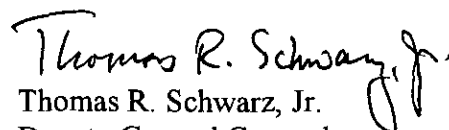
Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of **STAFF RESPONSE AND RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,


Thomas R. Schwarz, Jr.
Deputy General Counsel
(573) 751-5239
(573) 751-9285 (Fax)

TRS:sw
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

OCT 18 2000

Missouri Public
Service Commission

In the Matter of Associated Natural Gas)
Company's Purchased Gas Adjustment)
Factors to be reviewed in its 1998-1999)
Actual Cost Adjustment.)

Case No. GR-99-392

STAFF RESPONSE AND RECOMMENDATION

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission
("Commission") and respectfully states as follows:

1. On August 1, 2000, the Staff filed its recommendation in this case regarding its audit of the natural gas costs for Associated Natural Gas Company ("ANG") for the Actual Cost Adjustment ("ACA") period of September 1, 1998, to August 31, 1999. Staff recommended changes to ANG's ending ACA balances, and recommended that the Commission order ANG to continue to provide certain information regarding the reliability of its system gas supply. The staff also noted that ANG had transferred its Missouri properties to Atmos Energy Corporation ("Atmos").

2. On September 8, 2000, ANG filed its response in compliance with the Commission's order directing a response. ANG addressed the Staff's proposed changes to the ending ACA balance, but also suggested that Atmos is the proper party to address system reliability because Atmos has operated the system since June 1, 2000.

3. On September 18, 2000, the Staff filed a motion for extension of time in which to file its response to ANG's filing. By order dated September 29, 2000, the Commission granted Staff

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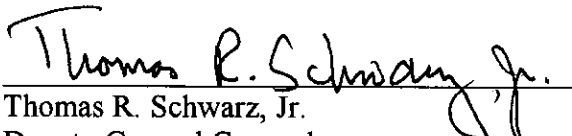
an extension until October 18, 2000, to file its response. On October 12, 2000, Atmos filed its application to intervene in this docket.

4. Staff recommends that the Commission direct Atmos to respond to the Staff Recommendation for peak day analysis included in the August 1, 2000 filing. At such time as Atmos, the present operator of the former ANG Missouri properties, has responded to the Staff's initial recommendation, the Staff will respond fully to the positions of all parties.

5. As noted in the August 1, 2000, filing, Staff recommends that this ACA case remain open, pending final appellate orders in review of Case No. GR-97-272, Case No. GR-96-227, and Case No. GR-97-191.

Respectfully submitted,

DANA K. JOYCE
General Counsel


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Deputy General Counsel
Missouri Bar No. 29645

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 18th day of October, 2000.

Thomas R. Schwan Jr.

**Service List for
Case No. GR-99-392
Revised: October 18, 2000 (SW)**

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