

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

In the Matter of Atmos Energy)
Corporation's Tariff Revision Designed to)
Consolidate Rates and Implement a)
General Rate Increase for Natural Gas)
Service in the Missouri Service Area of)
the Company.)

Case No. GR-2006-0387

PARTIAL NON-UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Atmos Energy Corporation (Atmos or the Company), the Staff of the Missouri Public Service Commission (Staff), and the Office of the Public Counsel (OPC), and respectfully state to the Missouri Public Service Commission (Commission) that after extensive negotiations, the undersigned signatories (Signatories, or Signatory), have reached the following Partial Non-unanimous Stipulation and Agreement (hereinafter referred to as the "Stipulation") concerning: Billing Determinants, FAS 106, Class Share of Revenue by District, Class Cost of Service, Customer Service Commitments, PGA Minimum Filing Requirement, Depreciation Record Keeping and Reporting and Gas Loss Reporting. The Signatories hereby submit the following Stipulation to the Commission for approval:

I. Billing Determinants

See agreed to billing determinants in Attachment A.

II. Other Post-Retirement Benefits (OPEB) Contribution

A. Atmos has made a catch-up contribution of \$1,275,000 to its Missouri OPEB funding account

B. Atmos will begin funding the annual OPEB cost for its operations in Missouri as calculated according to the Statement on Financial Accounting Standards 106.

III. Class Share of Revenue by District / Class Cost of Service

A. There will be no revenue shifts among the classes. For purposes of this Stipulation, the “normalized present non-gas revenues of each customer class” shall be the amount shown in Attachment A, representing the weather-normalized class test year revenues.

B. Atmos will file a class cost of service study consistent with the Commission’s decision regarding district consolidation as a part of its filing in its next general rate case. In addition, the Company agrees to submit data sufficient for the Staff and OPC to perform their own study. Prior to the filing of the Company’s next general rate case, Staff, OPC and the Company agree to meet and discuss the data needs for submission to Noranda, OPC and the Staff.

IV. Customer Service Requirements and Reporting

A. Atmos agrees to begin reporting monthly all data it presently reports to the Staff and the Office of the Public Counsel on a quarterly basis, including all call center performance metrics. In addition, Atmos agrees to formalize its disaster recovery plan, including plans to handle calls during disasters, as provided in response to Staff Data Requests, and provide the plan to the Staff and the OPC. Atmos agrees to keep the Staff and the OPC aware of all plans to improve the performance of call center services to its Missouri customers as well as to inform the Staff and OPC of any operational changes that would involve the answer of Atmos’ Missouri customer calls by the Waco Call Center or previous TXU customer calls being answered by the Amarillo or Metairie Call Centers.

B. Atmos agrees to increase customer education regarding how its budget bill program works, including:

1. the development of informational material that will be mailed to all Missouri customers who request to participate in the Company's budget bill program.
2. if requests for budget bill are received through the Company's call centers, specific education will be provided to the Company's Missouri customers at that time indicating specifically what customers need to do to remain budget bill customers, including the need of customers to:
 - (a) make timely payments and specific indication that two delinquent events will terminate their budget bill status, and
 - (b) pay at least the amount due on the budget bill.
3. the call center personnel will also be educated on how budget bills are calculated for Missouri customers, specifically that they are based upon the previous 12-month bill average and do not include customers' current bill.
4. an annual mailing to all Missouri budget bill customers reminding them of the requirements of the Company's budget bill program including their need to:
 - (a) make timely payments and specific indication that two delinquent events will terminate their budget bill status, and
 - (b) pay at least the amount due on the budget bill.

V. PGA Minimum Filing Requirement

Atmos, concurrently with its annual Actual Cost Adjustment (ACA) filing, will:

A. Provide all documentation to support the Company's ACA to reconcile the Company's actual gas costs with its billed revenues. Provide all documentation of the natural gas purchases (commodity, demand or reservation charges or other charges) of the Local Distribution Company (LDC) to support that the claimed costs are properly attributed to the ACA period, and that the pipelines, natural gas suppliers, and any other vendors have charged or invoiced the LDC at the proper rates for the volumes nominated and received.

B. Provide all documentation to support the prudence of the Company's natural gas supply planning, capacity planning, purchasing practices, and operating decisions for the ACA period.

C. Provide all documentation of the financial impact on customers of the LDC's use of its gas supply, transportation and storage contracts.

D. Provide an electronic file of all contracts in effect at any time during the ACA period in PDF format. Include copies of all contracts related to the procurement of natural gas including but not limited to transportation, storage, and supply contracts and all schedules and exhibits and letter agreements related to gas procurement, gas costs and/or gas constraints.

The documentation provided should include fully functioning electronic copies.

The term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind within the possession, custody, control or knowledge of the Company.

VI. Depreciation Record Keeping and Reporting

A. Atmos will continue using the Commission ordered current depreciation rates for all plant serving Missouri operations. Atmos will use the Commission ordered Butler District depreciation rates for the plant accounts in the Greely District, which currently does not have Commission ordered depreciation rates. The depreciation rates that shall be used in the future for all of Atmos' Missouri operations are shown on Attachment B.

B. Atmos will comply with the Commission's rules regarding plant record keeping specifically as presented in 4 CSR 240-40.040, as set forth below. Atmos agrees that continuing property records converted into Atmos' continuing property record system need the vintage portion of the record to be updated. The Company agrees to meet with the appropriate Staff and OPC members in December 2006 to present the Company's plan for updating the vintage dates. The plan must be agreed to by Staff and OPC before being executed by Atmos. If Staff and OPC are in agreement with that plan, Atmos will execute the plan and report on its completion in the summer of 2007.

VII. Gas Loss Reporting

Initially, Atmos is allowed to utilize its proposed 2% methodology. Atmos will file a report every six-months providing Staff with the current actual L&U gas figure. Atmos must state whether the figure being reported is a real reflection of actual loss. Once Atmos has real figures, it must compare it to the 2% figure. If the reported figure deviates by more than 25% from the interim 2% (below 1.5%/ above 2.5%), Atmos must file a revised L&U percentage with the Commission. After 24-months of accurate reads (possibly 48 months from implementation) Atmos will revert to using the 24-month formula in place today.

VIII. Non-Signatory Parties

While Noranda and Hannibal Regional Hospital do not join in this Stipulation, both Noranda and Hannibal Regional Hospital state that they do not oppose the Stipulation and the above-stipulated issues, and do not request a hearing concerning the issues addressed by this Stipulation.

IX. General

A. This Stipulation is being entered into solely for the purpose of settling the identified issues in this case. None of the signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue related methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding should this Stipulation be approved by the Commission, except as otherwise expressly specified herein.

B. This Stipulation has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not approve this Stipulation by the issuance date of its Report and Order in this case, or approves this Stipulation with modifications or conditions that a Signatory to this proceeding objects to prior to the effective date of the Order approving this Stipulation, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

C. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void therein, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in

accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

D. In the event the Commission accepts the specific terms of this Stipulation, the Signatories waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission Report and Order respecting this Stipulation issued in this proceeding, and does not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation.

E. The Signatories agree that, in the event the Commission approves this Partial Non-Unanimous Stipulation and Agreement without modification or condition, then the pre-filed testimony of all witnesses on the subjects listed above in paragraphs I through VII, may be admitted into evidence and included in the record of this proceeding, without the necessity of such witnesses taking the stand and shall not apply to any matters raised in any subsequent Commission proceeding. No Signatory shall be deemed to have acquiesced to any such testimony, nor shall any Signatory be presumed to have waived any objection that might otherwise have been made to such testimony.

F. The Staff shall file suggestions or a memorandum in support of this Stipulation. Each of the parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum which shall also be served on all parties. The contents of any suggestions or memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the Signatories to this Stipulation, whether the Commission approves and adopts this Stipulation.

G. The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the 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 the Staff. The 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.

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

WHEREFORE, for the above stated reasons, the undersigned Signatories respectfully request the Commission to issue an order in this case approving this Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)
email: bob.berlin@psc.mo.gov

/s/ Marc D. Poston

Marc D. Poston
Senior Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
(573) 751-5558
(573) 751-5562 FAX
marc.poston@ded.mo.gov

/s/ Larry W. Dority

James M. Fischer, MBN 27543
Larry W. Dority, MBN 25617
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, MO 65101
Telephone: (573) 636-6758
Facsimile: (573) 636-0383
Email: jfischerpc@aol.com
Email: lawdority@sprintmail.com

Attorneys for Atmos Energy Corporation

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 29th day of November 2006.

/s/ Larry W. Dority

Larry W. Dority

Atmos Revenues And Billing Determinants

<u>District</u>	<u>Revenues</u>	<u>Customer Bills</u>	<u>Usage CCF's</u>
KIRKSVILLE			
Residential	\$728,728	61,049	4,018,470
SGS	\$337,966	10,458	2,529,020
LGS- Interruptible	\$107,026	60	1,018,649
Transport	\$197,359	24	2,198,761
Other	\$9,497		
BUTLER			
Residential	\$722,109	38,677	2,514,034
SGS	\$308,618	6,102	1,206,160
LGS	\$126,287	60	996,701
Other	\$6,427		
SEMO			
Residential	\$5,139,948	370,881	20,204,770
SGS	\$1,956,489	50,929	10,022,604
LGS- Interruptible	\$247,643	324	1,818,011
Transport	\$1,148,100	180	10,795,945
Other	\$63,877		
UCG			
Residential	\$3,360,356	132,685	9,487,300
SGS	\$1,308,482	17,821	4,948,905
LGS	\$127,365	144	1,198,979
Large Volume Service	\$81,499	48	1,155,930
Sales to Public Auth.	\$7,922	12	39,730
Other	\$62,464		
PALMYRA			
Residential	\$208,246	14,747	997,810
SGS	\$76,562	2,178	613,621
LGS-Firm	\$1,871	24	3,260
Large Volume- Sales	\$5,849	12	39,730
Large Volume-Transport	\$23,178	24	585,660
Other	\$4,583		
GREELEY			
Residential	\$126,374	4,982	317,869
SGS	\$19,017	490	51,901
Sales to Public Auth.	\$12,505	192	3,650
Other	\$1,352		
NEELYVILLE			
Residential	\$88,528	4,842	211,327
SGS	\$39,710	825	101,991

Total Annualized Special Contract	<u>\$735,934</u>
Total	\$17,391,871
Annualized Special Contract	(735,934)
Other Revenue	<u>(148,200)</u>
Gas Sales Revenues	<u><u>\$16,507,737</u></u>

Attachment A

ATMOS ENERGY CORPORATION
GR-2006-0387
SCHEDULE OF DEPRECIATION RATES

	Butler	Kirksville	SEMO	UCG	Pal	Neelyville	Rich Hill
301.00							
302.00			0.0000%	4.7100%	4.7100%	4.7100%	0.0000%
303.00				20.0000%	20.0000%	20.0000%	

311.00				4.9800%	4.9800%	4.9800%	
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365.10							
365.20	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
366.00	3.2400%	3.2400%	3.2400%	0.0000%	0.0000%	0.0000%	
367.01	1.5300%	1.5300%	1.5300%	1.3300%	1.3300%	1.3300%	2.7200%
367.02	1.5300%	1.5300%	1.5300%	1.3300%	1.3300%	1.3300%	2.7200%
369.00	3.6000%	3.6000%	3.6000%	1.8900%	1.8900%	1.8900%	0.0000%
370.00	0.0000%	0.0000%	4.3600%	4.3600%	4.3600%	4.3600%	0.0000%

374.01	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
374.02	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
375.00	2.3300%	2.3300%	2.5000%	4.3700%	4.3700%	4.3700%	0.0000%
376.01	1.5300%	1.5300%	1.5300%	3.4300%	3.4300%	3.4300%	2.6700%
376.02	1.5300%	1.5300%	1.5300%	3.4300%	3.4300%	3.4300%	2.6700%
377.00	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
378.00	3.0000%	3.0000%	3.0100%	1.8900%	1.8900%	1.8900%	2.3800%
379.00	3.2100%	3.2100%	3.1500%	1.8900%	1.8900%	1.8900%	0.0000%
380.00	5.0000%	5.0000%	5.0000%	5.1300%	5.1300%	5.1300%	3.1400%
381.00	2.1600%	2.1600%	2.1600%	2.5200%	2.5200%	2.5200%	2.7100%
382.00	3.0000%	3.0000%	2.9600%	3.9100%	3.9100%	3.9100%	2.7100%
383.00	4.5500%	4.5500%	4.1900%	3.2400%	3.2400%	3.2400%	2.3800%
384.00	3.3300%	3.3300%	3.3300%	0.0000%	0.0000%	0.0000%	0.0000%
385.00	3.6000%	3.6000%	3.6000%	1.8900%	1.8900%	1.8900%	0.0000%
387.00	0.0000%	0.0000%	0.0000%	5.5200%	5.5200%	5.5200%	0.0000%

389.00	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
390.00	5.0000%	5.0000%	5.0000%	1.0000%	1.0000%	1.0000%	5.0000%
391.00	4.7500%	4.7500%	4.7500%	5.0000%	5.0000%	5.0000%	4.7500%
391.20				10.0000%	10.0000%	10.0000%	
392.00	10.3900%	10.3900%	10.3900%	10.0000%	10.0000%	10.0000%	10.3900%
393.00	4.5000%	4.5000%	4.0100%	5.0000%	5.0000%	5.0000%	4.5000%
394.00	4.5000%	4.5000%	4.3300%	3.2900%	3.2900%	3.2900%	4.5000%
395.00	4.0000%	4.0000%	3.6900%	3.8500%	3.8500%	3.8500%	4.0000%
396.00	7.9200%	7.9200%	7.7100%	13.8100%	13.8100%	13.8100%	0.0000%
397.00	4.5400%	4.5500%	4.3600%	12.0000%	12.0000%	12.0000%	4.5400%
398.00	3.6000%	3.6000%	3.6000%	10.0000%	10.0000%	10.0000%	3.6000%
399.00	4.7500%	4.7500%	4.7500%	5.0000%	5.0000%	5.0000%	4.7500%

ATTACHMENT B

ATTACHMENT B