

FISCHER & DORITY
PROFESSIONAL CORPORATION

James M. Fischer
Larry W. DORITY

Attorneys at Law
Regulatory & Governmental Consultants

101 Madison, Suite 400
Jefferson City, MO 65101
Telephone: (573) 636-6758
Fax: (573) 636-0383

December 6, 2001

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102

FILED³
DEC 6 2001

RE: *Atmos Energy Corporation*
Case No. GR-2000-573

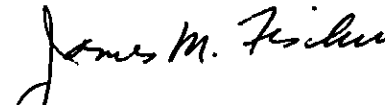
Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) copies of the Atmos Energy Corporation's Response To Staff Recommendation (HC Version) and an original Atmos Energy Corporation's Response To Staff Recommendation (Non-Proprietary Version).

Thank you for your attention to this matter.

Sincerely,


James M. Fischer

Enclosures

cc: Office of the Public Counsel
Dan Joyce, General Counsel

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED³
DEC 6 2001
Missouri Public
Service Commission

In the matter of Atmos Energy)
Corporation's Purchased Gas Adjustment)
Factors to be Reviewed in Its 1999-2000 Actual) Case No. GR-2000-573
Cost Adjustment.)

**ATMOS ENERGY CORPORATION'S
RESPONSE TO STAFF RECOMMENDATION**

COMES NOW Atmos Energy Corporation, (hereinafter "Atmos" or "Company") by and through its counsel of record and states its Response to the Staff's Recommendation, filed on November 1, 2000, as follows:

1. On November 1, 2001, the Commission Staff filed its recommendations following the completion of the audit of the Actual Cost Adjustment ("ACA") rates initially filed by Associated Natural Gas Company (the predecessor to Atmos) and subsequently by Atmos for the 1999-2000 ACA period. The Commission Staff reviewed the calculations and made specific recommendations as discussed in its Staff Recommendation.

2. On November 7, 2001, the Commission issued its Order Directing Filing in which it established December 7, 2001 as the deadline for Atmos to file its response to the Staff Recommendation.

3. After reviewing the Staff's Recommendation in this matter, the Company has determined that most of the Staff recommendations are acceptable to the Company and should be implemented. However, UCG disagrees with some recommendations and believes some clarification of other statements in the Staff Recommendation would be helpful. Each Staff Recommendation will be addressed below:

NP Version

Recommendation 1 states as follows:

Atmos was imprudent because it failed to retain the eighteen-cent reduction to the IFGMR Reliant East index. As a result, Staff proposes an adjustment to reduce the SEMO District's Firm Customer gas costs by \$45,603 and to reduce the SEMO District's Interruptible Customer gas costs by \$13,530.

Company Response:

Company disagrees with these adjustments for the following reasons:
**

It was also agreed, per the Order approving the Stipulation and Agreement, Case No. GM-2000-312, that Atmos was to "ensure that this Sale would have no adverse effect on the level of customer service to Atmos' post-Sale Missouri customers."

**

** Therefore, Atmos asks that Staff reconsider Item 1, as detailed in the Summary regarding Case No. GR-2000-573, and allow the costs of Option 2 as discussed herein.

Recommendation 2 states as follows:

Atmos did not include the July and August NGPL cash out credits in its 1999/2000 ACA filing. As a result, Staff proposes an adjustment to reduce the SEMO District's Firm Customer gas costs by \$41,070 and to reduce the SEMO District's Interruptible Customer gas costs by \$13,350.

Company Response:

Company agrees that an adjustment should be made. However, the Company has a slight disagreement with the allocation between firm and interruptible customers. Company believes the proper allocation is \$47,601.33 to firm customers and \$6,999.02 to interruptible customers. The allocations were derived by taking each individual month's gas cost correction, multiplied by the percentage of each month's firm and interruptible sales volumes. The allocation factors used are the same allocation factors used in allocating all other gas costs for those months, and with which the Staff agrees.

Recommendation 3 states as follows:

Atmos incorrectly calculated the interest component of its DCCB. As a result, Staff proposes (1) a \$10,619 adjustment to the SEMO District's Interruptible Customer ACA balance, (2) a \$6,666 adjustment to the Kirksville District's Interruptible Customer ACA balance and (3) a \$7,578 adjustment to the Butler District's Interruptible Customer ACA balance.

Company Response:

Company agrees with the amount of Staff's adjustment. However, since the interruptible customers have under-recovery of costs, Company believes that the interest adjustments should be added to the filed amounts, not deducted. Staff's Recommendation states that the Company's Missouri PGA Tariff specifies that the DCCB interest must be calculated on a month ending cumulative basis for each month of the ACA period. The Company would add that its PGA Tariff also requires that no interest be applied unless the cumulative balance exceeds an amount equal to ten percent of the average annual level of gas costs for the then most three recent ACA periods.

Recommendation 4 states as follows:

Since Atmos' peak day study is for the 2000/2001 winter, and Staff's reliability review in this case is for 1999/2000 winter, Staff


is not proposing an adjustment at this time. To adequately review the Atmos estimated peak day requirements and the rationale for the reserve margins for the 2000/2001 ACA period, Staff is recommending that additional information be submitted.

Company Response:

The Company's contracting policy is to hold sufficient capacity, but not excess capacity, to meet firm customer peak day capacity. As a result of the 2001-2002 Peak Day Estimate, provided in GR-2001-396, the Company's analysis was similar to the GR-2000-573 Peak Day Estimate for 2000-2001. The Company, also, is concerned that these calculations are much lower than that used by Associated Natural Gas. The Company is further evaluating and analyzing our methodology and concurs with Staff's recommendation to submit the information specified in Recommendation #2 on Page 5 of 6 of the Official Case File Memorandum filed on November 1, 2001. The Company will comply with the recommendation by February 28, 2002 as stated.

WHEREFORE, having responded to the Staff Recommendation, Atmos Energy Corporation urges the Commission give the parties additional time to discuss their relatively minor differences in this matter.

Respectfully submitted,


James M. Fischer, Esq. MBN 27543
FISCHER & DORITY, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Facsimile: (573) 636-0383
E-mail: jfischerpc@aol.com

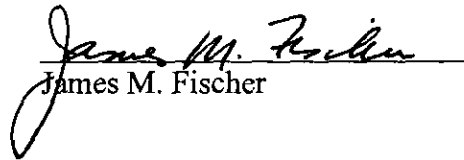
ATTORNEYS FOR
ATMOS ENERGY CORPORATION

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered or mailed, First Class, postage prepaid, this 6th day of December 2001, to:

Office of the Public Counsel
P.O. Box 7800
Jefferson City MO 65102

Dana K. Joyce, General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City MO 65102


James M. Fischer