



Commissioners
KELVIN L. SIMMONS
Chair
CONNIE MURRAY
SHEILA LUMPE
STEVE GAW
BRYAN FORBIS

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

November 30, 2001

ROBERT J. QUINN, JR.
Executive Director
WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. PRENGER
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

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

RE: Case No. GO-98-567

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **SECOND JOINT REPORT AND RECOMMENDATION OF ATMOS ENERGY CORPORATION AND STAFF.**

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,

Dennis L. Frey
Associate General Counsel
(573) 751-8700
(573) 751-9285 (Fax)
dfrey03@mail.state.mo.us

DLF:ccl
Enclosure
cc: Counsel of Record

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

FILED²
NOV 30 2001
Missouri Public
Service Commission

In the Matter of the Application of)
Associated Natural Gas Company, a)
Division of Arkansas Western Gas)
Company, for a Three-Year Variance from)
Section (19) of 4 CSR 240-10.030,)
Regarding the Testing of Gas Meters.)

Case No. GO-98-567

SECOND JOINT REPORT AND RECOMMENDATION
OF ATMOS ENERGY CORPORATION AND STAFF

COME NOW the Staff of the Missouri Public Service Commission ("Staff") and Atmos Energy Corporation, ("Atmos"), and pursuant to 4 CSR 240-2.070, respectfully file with the Missouri Public Service Commission ("Commission") their Second Joint Report And Recommendation in this matter. In support of this Second Joint Report And Recommendation, the Staff and Atmos state as follows:

1. On July 21, 1998, the Commission granted a variance for rule 4 CSR 240-10.030(19) as requested by Associated Natural Gas (ANG), a division of Arkansas Western Gas Company. The variance was requested for a period of three calendar years, ending on December 31, 2000. On July 21, 1998, the Commission issued an Order granting the requested variance and directing ANG and the Staff to file a report, jointly or separately, with their recommendations for continuation or a revision of the variance no later than November 30, 2000.

2. On June 1, 2000, ANG sold all of its Missouri gas properties to Atmos Energy Corporation. The Commission approved that sale in Case No. GM-2000-312 and in an Order effective May 1, 2000, authorized Atmos to purchase the ANG properties and provide natural

gas service in the service area formerly served by ANG. Due to the change of ownership of the ANG properties, the Joint Report was not filed by November 30, 2000, as directed.

3. In its February 13, 2001 Order Directing Filing, the Commission ordered ANG and the Staff to file a report with their recommendations for a continuation or a revision of this variance no later than February 28, 2001. ANG filed its Response To Order Directing Filing on February 16, 2001, and notified the Commission that Atmos should be the party to this case.

4. On February 28, 2001, Atmos and the Staff filed a Joint Report And Recommendation recommending that the variance granted in this matter be extended through calendar year 2001.

5. On March 20, 2001, the Commission granted an extension of the variance through calendar year 2001 to Atmos. The Commission ordered Atmos to revise the variance reference in its tariff by April 19, 2001, and ordered Atmos and the Staff to file a report, jointly or separately, with their recommendations for continuation or revision of the variance no later than November 30, 2001. The Commission further ordered that Atmos file, by January 31, 2002, an annual report concerning the meter test program (including the information specified in the application) for calendar year 2001.

6. On May 16, 2001, the Commission approved a revised tariff sheet with a revised reference to the variance.

7. Atmos has provided preliminary meter test data to the Staff. The Staff and Atmos have discussed this data and the continuation of the subject variance. As noted above, the variance was originally granted to ANG, the predecessor company to Atmos. Having now gained experience operating under the variance, Atmos has decided that it would prefer to seek a different variance to the meter testing rule. Therefore, Atmos and the Staff jointly recommend

that this variance be discontinued, effective January 1, 2002, and that Atmos be directed to remove the reference to this variance from its tariffs no later than thirty (30) days after the effective date of the Commission's order discontinuing the variance.

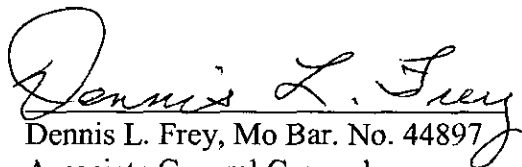
8. Atmos and the Staff further recommend that Atmos be directed to file the previously ordered annual report by January 31, 2002. Atmos and the Staff also recommend that Atmos be directed to test its meters at a minimum rate of 10% per calendar year for the next ten years, beginning January 1, 2002, in order to return to compliance with the 120-month interval requirement in 4 CSR 240-10.030(19), until such time as Atmos applies for and is granted a variance from this requirement.

WHEREFORE, Atmos Energy Corporation and the Staff respectfully file this Second Joint Report And Recommendation with the Commission, and request that the Commission issue its Order adopting the recommendations of the parties included in Paragraphs 7 and 8 herein. Specifically, Atmos and the Staff request that the Commission issue an Order directing:

- a) that the variance granted in this matter be discontinued, effective January 1, 2002;
- b) that, no later than thirty (30) days after the effective date of the Commission's order discontinuing the variance, Atmos file revised tariff sheets to remove the reference to the variance in its tariff;
- c) that Atmos file in this case an annual report for calendar year 2001, including the information specified in the application, no later than January 31, 2002; and
- d) that, beginning January 1, 2002, Atmos test its meters at a minimum annual rate of 10% for the next 10 years, or unless and until Atmos is granted a subsequent variance from 4 CSR 240-10.030(19).

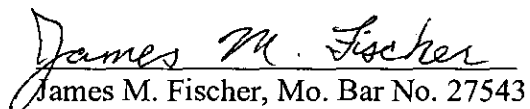
Respectfully submitted,

DANA K. JOYCE
General Counsel



Dennis L. Frey, Mo Bar. No. 44897
Associate General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360
(573) 751-8700 Phone
(573) 751-9285 Fax
dfrey03@mail.state.mo.us

Attorney for the Staff of the
Missouri Public Service Commission

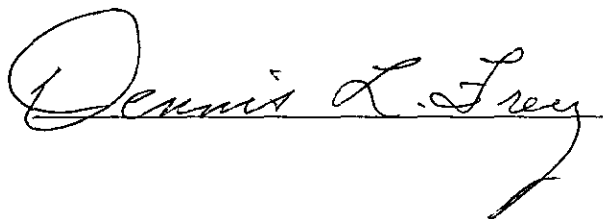
 b7 D.L.S.

James M. Fischer, Mo. Bar No. 27543
Fischer & Dority, P.C.
101 Madison
Suite 400
Jefferson City, MO 65101
(573) 636-6758 Phone
(573) 636-0383 Fax
jfischerpc@aol.com

Attorney for
Atmos Energy Corporation

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 30th day of November 2001.



Service List for
Case No. GO-98-567
Verified: November 30, 2001 (ccl)

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

Gary W. Duffy
Brydon, Swearengen & England
312 E. Capitol Avenue, PO Box 456
Jefferson City, MO 65102