

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office in
Jefferson City on the 29th day
of May, 2008.

In the Matter of the Application of Atmos Energy)
Corporation for a Variance and Waiver from the) **Case No. GE-2008-0342**
Provisions of 4 CSR 240-40.040(3))

ORDER GRANTING WAIVER

Issue Date: May 29, 2008

Effective Date: June 8, 2008

Syllabus: This order grants Atmos Energy Corporation a waiver from Commission Rule 4 CSR 240-40.040(3) for certain assets.

On April 15, 2008, Atmos asked the Commission for a rule waiver. Commission Rule 4 CSR 240-40.040(3) requires Atmos to keep track of its gas utility plant according to vintage year. As part of Atmos' stipulation with Staff and the Office of the Public Counsel in its most recent rate case, Atmos agreed to update its continuing property record system with respect to the vintage portion of its records.¹

Atmos pleads that is unable to properly account for certain assets by vintage year because the previous owners of those assets did not keep track all of its plant according to vintage year. Accordingly, it asks for a waiver of the above rule for those assets.

In particular, Atmos requests a waiver for its Division 97 plant records for periods prior to July 1997. Atmos acquired those assets from United Cities Gas Company, and

¹ *In re Atmos Energy Corporation*, Case No. GR-2006-0387 (Partial Non-Unanimous Stipulation and Agreement, filed November 29, 2006; Report and Order, filed February 22, 2007).

assigned them to Division 97. Further, Atmos requests a waiver for certain of its Division 70, 71 and 72 plant records, which are the accounting divisions assigned to the assets Atmos acquired from the Associated Natural Gas (ANG) division of Arkansas Western Gas Company.² Atmos requested Commission approval of both of the United Cities and the ANG asset purchases, which the Commission granted. Finally, Atmos represented that neither Staff nor the Office of the Public Counsel object to Atmos' request.

The Staff of the Commission filed a Staff Memorandum In Support of Variance and Waiver on May 21. Staff described vintaging as the process of keeping asset records for each year as separate groups. Staff stated that Atmos agreed to update the vintage portion of its records in its stipulation with Staff and OPC in Case No. GR-2006-0387, and that it understood the difficulty and cost associated with Atmos' attempt to recreate the vintage year of assets when Atmos' predecessors-in-interest did not keep records of those assets by vintage year. Staff stated that for assets with no vintage record, Atmos will record retirements into appropriate accounts based on the average cost per unit of the retirements by business segment and account for the date of retirement. No harm will accrue to Atmos' ratepayers, as depreciation expense will be consistent with the expenditure of capital, and the cost to continue to find lost records will be avoided.

Commission Rule 4 CSR 240-40.040(3) requires gas utilities to keep records of its assets by vintage year. Commission Rule 4 CSR 240-40.040(5) allows the Commission to waive or grant a variance from the vintage year accounting requirements, for good cause shown. The Commission, upon review of Atmos' application and Staff's Memorandum,

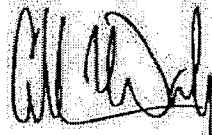
² Atmos was able to identify the vintage years for 7,742 of 8,848 asset records that were converted at the time of the Associated Natural Gas (ANG) asset purchase. The waiver the Commission grants here covers only those 1,106 (8,848 minus 7,742) asset records for which Atmos was unable to identify the vintage year.

finds good cause to waive Commission Rule 4 CSR 240-40.040(3) for the assets described in Atmos' application.

IT IS ORDERED THAT:

1. Atmos Energy Corporation is granted a waiver of Commission Rule 4 CSR 240-40.040(3) for Atmos Energy Corporation's Division 97 plant records in Missouri for periods prior to July 1997, and Atmos Energy Corporation's Division 70, 71, and 72 plant records in Missouri for assets for which Atmos Energy Corporation was unable to identify the vintage year.
2. For all other plant capital records, Atmos Energy Corporation shall maintain plant additions and retirements by vintage year as required by Commission Rule 4 CSR 240-40.040(3).
3. This order shall become effective on June 8, 2008.
4. This case shall be closed on June 9, 2008.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton,
Jarrett, and Gunn, CC., concur.

Pridgin, Senior Regulatory Law Judge