

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0364 File No. YG-2009-0275
Atmos Energy Corporation

FROM: Henry E. Warren, Energy Department – Tariffs/Rate Design

<u>/s/ Thomas M. Imhoff 08/28/08</u> Utility Operations Division/Date	<u>/s/ Lera Shemwell 08/28/08</u> General Counsel's Office/Date
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SUBJECT: Staff Recommendation for Atmos Energy Corporation's Winter PGA Filing
Effective November 1, 2008

DATE: October 28, 2008

On October 17, 2008, Atmos Energy Corporation (Atmos or Company) of Franklin, Tennessee, filed a tariff sheet requesting an effective date of November 1, 2008. This tariff sheet was filed to reflect changes in the Atmos PGA factors as a result of estimated changes in the cost of natural gas for the upcoming Winter and changes in the ACA factor. The Winter includes the months of November through March. Atmos requests that the tariff sheet go into effect on November 1, 2008. On October 22, 2008, Atmos filed a substitute tariff sheet to correct errors in calculations in the PGA amounts.

For the Atmos West Area - Butler District served by Panhandle Eastern Pipe Line Company (PEPL), including the cities of Butler and Harrisonville, the effect of these changes are to reduce the firm PGA rate for the 2008/2009 Winter to \$0.86520 per Ccf (100 cubic feet) from the current, firm PGA factor of \$0.91800 per Ccf. This represents a \$0.05280 per Ccf decrease. The PGA rate for the 2007/2008 Winter was \$0.69970 Ccf, so these changes increase the firm PGA rate \$0.16550 per Ccf above the rate for last Winter. Based on average Winter usage, a Residential customer's bill is expected to be approximately \$101 higher compared with the previous Winter PGA rate, or an approximate 19% increase.

For the Atmos West Area - Rich Hill/Hume District, served by the Southern Star Central Gas Pipeline Company (SSC) the effect of these changes are to reduce the firm PGA rate for the 2008/2009 Winter to \$0.73185 per Ccf from the current, firm PGA factor of \$1.22710 per Ccf. This represents a \$0.49525 per Ccf decrease. The PGA rate for the 2007/2008 Winter was \$1.00880 per Ccf, so these changes decrease the firm PGA rate \$0.27695 per Ccf below last Winter. Based on average Winter usage, a Residential customer's bill is expected to be approximately \$170 lower compared with the previous Winter PGA rate, or an approximate 24% decrease.

For the Atmos Kirksville Area, served by the ANR Pipeline Company (ANR), including the cities of Kirksville and Lancaster, the effect of these changes is to decrease the firm PGA factors for the 2008/2009 Winter to \$0.96310 per Ccf from the current, firm PGA factor of \$1.03340 per Ccf. This represents a \$0.07030 per Ccf decrease. The PGA rate for the 2007/2008 Winter was \$0.78750 per

Ccf, so these changes increase the firm PGA rate \$0.17560 per Ccf above last Winter. Based on average Winter usage, a Residential customer's bill is expected to be approximately \$114 higher compared with the previous Winter PGA rate, or an approximate 19% increase.

For the Atmos Northeast Area (Hannibal, Canton, Bowling Green and Palmyra or Combined District) served by the Panhandle Eastern Pipeline Company, the effect of these changes is to decrease the firm PGA factors for the 2008/2009 Winter to \$0.95430 per Ccf from the current, firm PGA factor of \$1.0124 per Ccf. This represents a \$0.05810 per Ccf decrease. The PGA rate for the 2007/2008 Winter was \$0.78760 per Ccf, so these changes increase the firm PGA rate \$0.16670 per Ccf above last Winter. Based on average Winter usage, a Residential customer's bill is expected to be approximately \$108 higher compared with the previous Winter PGA rate, or an approximate 18% increase.

For the Atmos Southeast Area - SEMO District, served by the Natural Gas Pipeline Company of America, Texas Eastern Pipeline Company, Mississippi River Transmission, and Ozark Gas Transmission, including the cities of Jackson, Charleston, New Madrid, Caruthersville, and Kennett, the effect of these changes is to decrease the firm PGA factors for the 2008/2009 Winter to \$0.96760 per Ccf from the current, firm PGA factor of \$1.17539 per Ccf. This represents a \$0.20779 per Ccf decrease. The PGA rate for the 2007/2008 Winter was \$0.92330 per Ccf, so these changes increase the firm PGA rate \$0.04430 per Ccf above last Winter. Based on average Winter usage, a Residential customer's bill is expected to be approximately \$22 higher compared with the previous Winter PGA rate, or an approximate 4% increase.

For Atmos' Southeast Area - Neelyville District, served by the Natural Gas Pipeline Company of America, the effect of these changes is to decrease the firm PGA factors for the 2008/2009 Winter to \$0.92210 per Ccf from the current, firm PGA factor of \$1.08750 per Ccf. This represents a \$0.16540 per Ccf decrease. The PGA rate for the 2007/2008 Winter was \$0.83550 per Ccf, so these changes increase the firm PGA rate \$0.08660 per Ccf above last Winter. Based on average Winter usage, a Residential customer's bill is expected to be approximately \$44 higher compared with the previous Winter PGA rate, or an approximate 9% increase.

Case No. GR-2008-0364, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2007-2008 ACA filing. Case No. GR-2007-0403 was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2008-0364 and GR-2007-0403.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2009.

Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with AmerenUE's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days notice is demonstrated by AmerenUE's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet, as substituted, be approved, interim subject to refund:

P.S.C. MO. No. 2

4th Revised Sheet No. 44, Canceling 3rd Revised No. 44

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

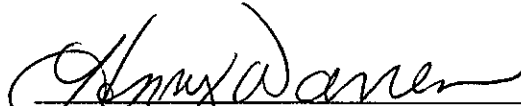
In the matter of PGA/ACA filing of)
Atmos Energy Corporation for the West)
Area (Old Butler), West Area (Old)
Greeley), Southeastern Area (Old)
SEMO), Southeastern Area (Old)
Neelyville), Kirksville Area, and in the)
Northeastern Area)

Case No. GR-2008-0364

AFFIDAVIT OF HENRY WARREN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry Warren, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


Henry Warren

Subscribed and sworn to before me this 28th day of October, 2008.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public