

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0364 File No. YG-2009-0741
Atmos Energy Corporation

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

/s/ Thomas M. Imhoff 04/24/09
Utility Operations Division/Date

/s/ Robert S. Berlin 04/24/09
General Counsel's Office/Date

SUBJECT: Staff Recommendation in the Matter of Atmos Energy Corporation's Motion for Waiver of Tariff Provisions Related to the Filing of a Revised ACA Factor and Motion for Expedited Treatment

DATE: April 24, 2009

On April 17, 2009, Atmos Energy Corporation (Atmos or Company) of Franklin, Tennessee, filed a Purchased Gas Adjustment (PGA) tariff sheet with the Missouri Public Service Commission (PSC) with a proposed effective date of May 1, 2009. In addition, Atmos filed a Motion for Waiver of Tariff Provisions (Waiver) to the filing of a revised Actual Cost Adjustment (ACA) Factor and Motion for Expedited Treatment (Motion). On April 20, 2009 the Commission issued an ORDER DIRECTING STAFF TO FILE RECOMMENDATION AND ESTABLISHING TIME FOR RESPONSE (ORDER) its recommendation by April 24, 2009. This memorandum is in response to that ORDER.

Atmos seeks a Waiver from its PGA tariff provisions to file a revised ACA factor for its Kirksville District customers in its Northeast Area. Atmos' ACA level for its Kirksville District will be nearly \$0 by the end of April. By making this change now, Atmos will have a *de minimus* ACA balance and avoid an over-collection of these costs for the upcoming regular ACA filing in November 2009. The Commission's Energy Tariff/Rate Design Staff (Staff) has reviewed Kirksville ACA balance and is of the opinion, this change should be made

This tariff sheet also reflects changes in the Atmos PGA factors as a result of estimated changes in the cost of natural gas and changes in the ACA factor. Atmos requests that the tariff sheets go into effect on May 1, 2009.

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 to \$0.34860 per Ccf (100 cubic feet) from the current, firm PGA factor of \$0.91570 per Ccf. This represents a \$0.56710 per Ccf decrease. Compared with the previous PGA rate effective March 1, 2009, it is an approximate 62% decrease.

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 \$0.16475 per Ccf from the current, firm PGA factor of \$0.73185 per Ccf. This represents a \$0.56710 per Ccf decrease. Compared with the previous PGA rate effective November 1, 2008, it is an approximate 78% 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 to \$0.49080 per Ccf from the current, firm PGA factor of \$0.96310 per Ccf. This represents a \$0.47230 per Ccf decrease. Compared with the previous PGA rate effective November 1, 2008, it is an approximate 49% decrease.

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 to \$0.37690 per Ccf from the current, firm PGA factor of \$0.95430 per Ccf. This represents a \$0.57740 per Ccf decrease. Compared with the previous PGA rate effective November 1, 2008, it is an approximate 61% decrease.

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 to \$0.37590 per Ccf from the current, firm PGA factor of \$0.96760 per Ccf. This represents a \$0.59170 per Ccf decrease. Compared with the previous PGA rate effective November 1, 2008, it is an approximate 61% decrease.

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 to \$0.33040 per Ccf from the current, firm PGA factor of \$0.92210 per Ccf. This represents a \$0.59170 per Ccf decrease. Compared with the previous PGA rate effective November 1, 2008, it is an approximate 64% decrease.

Staff has reviewed the Company's tariff filing and has determined that the tariff sheet has been filed in compliance with Atmos' PGA Clause, Commission rules and regulations. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days notice is demonstrated by Atmos' Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings and its Motion. Staff has no objection to Atmos' request due to the Kirksville District's *de minimus* ACA balance by the end of April 2009 and the avoidance of an over-collection of these gas costs. Staff has reviewed this filing and is not aware of any issue currently pending before the Commission that affects, or is affected by, this filing.

Therefore, Staff recommends that the following tariff sheets be approved, as substituted, interim subject to refund:

P.S.C. MO. No. 2

6th Revised Sheet No. 44, Canceling 5th Revised No. 44

Staff has verified that Atmos has filed its annual report and is not delinquent on any assessment.

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

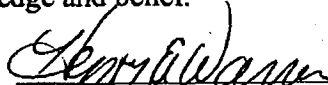
In the Matter of PGA/ACA filing of Atmos)
Energy Corporation for the West Area (Old)
Butler), West Area (Old Greeley),)
Southeastern Area (Old SEMO),)
Southeastern Area (Old Neelyville),)
Kirksville Area, and in the Northeastern)
Area)

Case No. GR-2008-0364

AFFIDAVIT OF Henry E. Warren

STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

Henry E. Warren, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in preparing the accompanying Staff Recommendation in Memorandum form, and that the facts therein are true and correct to the best of his knowledge and belief.


HENRY E. WARREN

Subscribed and affirmed before me this 24th day of April 2009.



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


NOTARY PUBLIC