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

In the Matter of Atmos Energy Corporation's Purchased Gas Adjustment In the 2005-20006 Period.

Case No. GR-2006-0300

# STAFF'S REPLY TO ATMOS' RESPONSE

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COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its

reply to the response of Atmos in this matter tenders the attached memorandum to address the

specific adjustments that the parties have agreed to.

The Staff requests the Commission to accept the agreed and finalized ACA balances and

close the case.

Respectfully submitted,

# /s/ Steven C. Reed

Steven C. Reed Missouri Bar No. 40616

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# **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, emailed, sent by facsimile or hand-delivered to all counsel of record this 15th day of February, 2008.

/s/ Steven C. Reed

### MEMORANDUM STAFF RESPONSE

| TO:     | Missouri Public Service Commission Official Case File<br>Case No. GR-2006-0300 Atmos Energy Corporation   |                                |  |  |
|---------|---|--------------------------------|--|--|
| FROM:   | David M. Sommerer, Manager - Procurement Analysis Department<br>Phil Lock, Regulatory Auditor - Procurement Analysis Department<br>Kwang Choe, Ph.D., Regulatory Economist - Procurement Analysis Departmer<br>Derrick Miles, Utility Engineering Specialist - Procurement Analysis Department<br>Lesa Jenkins, P.E., Regulatory Engineer – Procurement Analysis Department |                                |  |  |
|         | /s/ David M. Sommerer, 02/14/08   | 8 /s/ Steven C. Reed, 2/14/08  |  |  |
|         | Project Coordinator, Date   | General Counsel's Office, Date |  |  |
| SUDIECT | Atmos Energy Corporation Staff  | s Renly to Company Response    |  |  |

SUBJECT: Atmos Energy Corporation – Staff's Reply to Company Response

DATE: February 14, 2008

Staff filed its 2005/2006 ACA recommendation on December 31, 2007. On February 6, 2008, Atmos Energy Corporation filed its response to Staff's Recommendation. On February 8, 2008 the Commission issued an order directing Staff to reply to Atmos' filing and to clearly indicate the specific adjustments that the parties have agreed to.

Staff believes there is agreement with the Company as to the final 2005-2006 ending ACA balances. See Staff comments on Professional Services. Also see Tables 1, 2 and revised Table 3 below. Staff recommends that Tables 1, 2 and 3 be made permanent.

# **SECTION 4: AREA G (formerly GREELEY GAS)**

### **BEGINNING BALANCES**

Atmos indicated that the (\$3,005) adjustment to storage (page 11 of 12 of Staff's recommendation) was made in August 2005 (per Exhibit IIA) and therefore does not believe an additional adjustment is necessary. After further review, Staff agrees that this adjustment was included in the Company's August 2005 gas costs and therefore was included in the August 31, 2006 ACA balance. As such Staff agrees to remove this adjustment from Table 3 of its ACA recommendation as indicated below.

#### TABLE 3 (Revised)

| (GREELEY) Area G         | 5-31-05 Ending<br>Balance per<br>2005-2006 Filing | Staff<br>Adjustments | Staff Recommended<br>Ending Balances for<br>2005-2006 |
|--------------------------|---|----------------------|---|
| Area G Total ACA Balance | \$97,547  | (\$39) (B)           | \$41,291  |
|                          |   | (\$56,217) (C)       |   |

Notes to Staff Adjustments:

B) Professional Services

C) Storage

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### SECTION 1: PROFESSIONAL SERVICES (ALL DISTRICTS)

The staff does not believe it is appropriate to include travel expenses in an ACA. The Company has agreed to remove these expenses from the ACA, but has suggested it will "transfer the cost from the ACA to base rates". Whether it is appropriate to include the expenses in a particular rate case can be determined in a general rate case proceeding. In Staff's opinion, this issue is resolved for purposes of the ACA.

| (ANG) Areas B, K, and S                           | 8-31-06 Ending<br>Balances per<br>Filing for<br>2005-2006 | Staff<br>Adjustments   | Staff<br>Recommended<br>Ending Balances<br>for 2005-2006 |
|---|---|--|--|
| <b>SEMO District (Area S)</b><br>Firm ACA         | (\$1,510,722)   | (\$66,373) (A)<br>(\$3,269) (B)<br>(\$4,223) (C)             | (\$1,584,587)  |
| Interruptible ACA                                 | \$692,293   | (\$6,843) (A)  | \$685,450  |
| <b>Kirksville District (Area K)</b> :<br>Firm ACA | (\$1,218,137)   | (\$35,301) (A)<br>(\$803) (B)<br>\$1,436 (C)<br>\$3,377 (E)  | (\$1,249,428)  |
| Interruptible ACA                                 | (\$203,724)   | \$2,499 (A)<br>(\$1,004) (C)<br>(\$3,377) (E)                | (\$205,606)  |
| <b>Butler District (Area B)</b> :<br>Firm ACA     | (\$405,974)   | \$66,876 (A)<br>(\$435) (B)<br>\$3,498 (C)<br>(\$32,511) (D) | (\$368,546)  |
| Interruptible ACA                                 | (\$135,623)   | \$37,839 (A)<br>\$1,449 (C)                                  | (\$96,335)   |

#### SECTION 2: AREAS B, K, AND S (formerly ANG)

Notes to Staff Adjustments:

A) ACA beginning balances August 31, 2005 adjusted to prior year ending balances

B) Professional Services

- C) Carrying Costs
- D) Storage
- E) Kirksville Cost Allocation

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# **SECTION 3: AREAS U AND P (formerly UCGC)**

#### TABLE 2

| (UNITED CITIES GAS)<br>Areas P and U | 5-31-06 Ending<br>Balances per<br>Filing for 2005-2006 | Staff<br>Adjustments | Staff Recommended<br>Ending<br>Balances for 2005-2006 |
|--------------------------------------|--|----------------------|---|
| <b>Consolidated District:</b>        |  |                      |   |
| Demand ACA                           | (\$404,599)  | \$583 (A)            | (\$404,016)   |
| Commodity ACA                        | (\$888,771)  | \$823 (A)            | (\$891,842)   |
|                                      |  | (\$2,334) (B)        |   |
|                                      |  | (\$1,560) (C)        |   |
| Neelyville District:                 |  |                      |   |
| Demand ACA                           | (\$5,988)  | (\$10) (A)           | (\$5,998)   |
| Commodity ACA                        | \$54,835   | \$376 (A)            | \$55,178  |
|                                      |  | (\$33) (C)           |   |

Notes to Staff Adjustments:

A) AČA beginning balances May 31, 2005 adjusted to prior year ending balances

B) Carrying Costs

C) Professional Services