



**MEMORANDUM**  
**STAFF RESPONSE**

TO: Missouri Public Service Commission Official Case File  
Case No. GR-2006-0300 Atmos Energy Corporation

FROM: David M. Sommerer, Manager - Procurement Analysis Department  
Phil Lock, Regulatory Auditor - Procurement Analysis Department  
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Lesla Jenkins, P.E., Regulatory Engineer – Procurement Analysis Department

/s/ David M. Sommerer, 02/14/08      /s/ Steven C. Reed, 2/14/08

Project Coordinator, Date

General Counsel's Office, Date

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)**

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

Notes to Staff Adjustments:

- B) Professional Services
- C) Storage

**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.

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

**TABLE 1**

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

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) Kirkville Cost Allocation

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

**TABLE 2**

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

Notes to Staff Adjustments:

- A) ACA beginning balances May 31, 2005 adjusted to prior year ending balances
- B) Carrying Costs
- C) Professional Services