

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

In the Matter of the Application of)	
Atmos Energy Corporation to Modify)	Case No.
Its Approved Cast Iron Main and)	
Unprotected Steel Main Replacement Program.)	

**ATMOS ENERGY CORPORATION'S APPLICATION
TO MODIFY ITS APPROVED CAST IRON MAIN AND
UNPROTECTED STEEL MAIN REPLACEMENT PROGRAM
AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW Atmos Energy Corporation ("Atmos"), pursuant to Missouri Public Service Commission ("Commission") Rules 4 CSR 240-3.270(2)(H), 4 CSR 240-40.030(1)(G)(3) and 4 CSR 240-2.080(16), and respectfully requests the Commission to modify its previously approved Cast Iron Main and Unprotected Steel Main Replacement Program as set forth below. In addition, Atmos seeks expedited treatment of its request for relief as fully set forth herein. In support of its Application and Motion, Atmos respectfully states as follows:

1. Atmos is a corporation organized and existing under the laws of the State of Texas and the Commonwealth of Virginia with its principal place of business located at Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Atmos is a "gas corporation" and a "public utility" pursuant to Section 386.020(18) and (42), RSMo 2000, and has been granted Certificates of Convenience and Necessity to provide natural gas service within the State of Missouri. A certified copy of Atmos' Restated Articles of Incorporation and Bylaws are on file in the records of the Commission and the same are incorporated herein by reference. See Re: Atmos Energy Corporation, Case

No. GM-94-6. (Application, Exhibits C and D). The Company's Certificate to Conduct Business in Missouri as a Foreign Corporation is on file in the records of the Commission and is incorporated hereby by reference. See Re: Atmos Energy Corporation, Case No. GM-2002-295. (Application, Appendix I).

2. Atmos is a public utility involved in the distribution, transportation and sale of natural gas in numerous cities, towns and communities in Missouri, Texas, Louisiana, Kentucky, Colorado, Kansas, Illinois, Iowa, Tennessee, Georgia, Mississippi and Virginia. In total, Atmos provides natural gas service to approximately 3.2 million retail customers.

3. All correspondence, pleadings, orders, and documents in this proceeding should be addressed to:

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4. Atmos has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involves customer service or rates which has occurred within three (3) years of the date of the Application.

5. No annual report or assessment fees are overdue in Missouri.

6. On December 17, 1991, the Commission issued its Order Approving Cast Iron and Unprotected Steel Main Replacement Plan ("Order") in Case No. GO-91-276 (a copy of which is attached hereto as **Exhibit A** and incorporated herein by reference), which approved a plan filed by Atmos (through its predecessor United Cities Gas Company) that provides for the removal and replacement of unprotected steel and cast iron mains (the "Plan") as required by 4 CSR 240-40.030(15). As noted at page 2 of the Order, "The Commission determines that the plan is subject to modification proposed by UCGC and Staff upon Commission approval."

7. Commission Rule 4 CSR 240-3.270 addresses "Submission Requirements Regarding Plans, Procedures and Programs for the Transportation of Natural Gas by Pipeline." Subsection (2) of that rule provides, *inter alia*:

The plans, procedures and programs listed in subsections (A)-(H) below must be submitted to designated commission personnel in accordance with 4 CSR 240-40.030(1)(J) and maintained and *modified* in accordance with 4 CSR 240-40.030(1)(G). (Emphasis added).

4 CSR 240-40.030(1)(G) provides, *inter alia*, as follows:

- (3) Each operator shall maintain, modify as appropriate, and follow the plans procedures and programs that it is required to establish under this rule.

8. Specifically, the Plan called for 111,160 feet of unprotected steel main to be replaced or cathodically protected over a 15-year period in and around Hannibal, Missouri. Within the same area, the Plan called for the replacement of 190,550 feet of high pressure and low pressure cast iron main by 2020.

9. During each year of the Plan, Atmos is required to file an annual report with the Commission which details the progress of main replacement or protection under the Plan. Atmos' annual report for 2004 shows 7,422 feet of unprotected steel main to be

replaced or cathodically protected (and which has already been completed) during 2005 -- the last year of the Plan for the steel main replacement. However, in actuality, a complete records review by Atmos reveals that an additional 6,053 feet of unprotected steel main remains to be replaced or cathodically protected. Atmos believes that this additional 6,053 feet of unprotected steel main was originally classified erroneously as cathodically protected steel main (the "Additional Steel Main"). The Additional Steel Main consists of 3-inch and 4-inch unprotected steel main carrying low pressure ($\frac{1}{4}$ psig) service to customers in an isolated low-pressure area on the northeast side of Hannibal and is scattered throughout this area amongst sections of cast iron main. These sections of Additional Steel Main range from approximately 400 to 950 feet in length.

10. Replacement of the Additional Steel Main under the current provisions of the Plan would result in unnecessary duplicity and expense. Specifically, this would entail doing replacements in the same area twice in that the sections of Additional Steel Main would be abandoned in place and excavations made for replacement of the abandoned main with plastic main (using a larger diameter at a higher cost for low pressure than would be needed for high pressure), and then the same area would again later be excavated when Atmos replaces the cast iron main within the same area for tie-in to the plastic main. Atmos therefore respectfully requests a modification of the Plan which would extend the period for the replacement of the Additional Steel Main by 5 years, or through December 31, 2010. Such an extension will allow Atmos to commit its resources in the Hannibal area to the replacement of the 2 $\frac{1}{4}$ -inch intermediate pressure cast iron main, which Atmos considers a higher priority replacement under the Plan. Over the next 5 years, Atmos will commit its Hannibal resources to the replacement of

this 2¼-inch cast iron main and to also complete the replacement of the Hannibal northeast side low pressure area.

11. To ensure public safety, Atmos has conducted, and will continue to conduct, annual leak surveys of the low pressure area and, as of the date of the filing of this motion, there were no active leaks on this system. Under the Plan modification herein requested, Atmos will conduct semi-annual leak surveys of the Hannibal northeast side low pressure area until all of the Additional Steel Main has been replaced. As part of this aggressive leak survey program, Atmos will also semiannually leak survey all remaining portions of unprotected steel service lines (36 in all). Any class III or IV leaks found during these surveys will be repaired or replaced within 6 months. Further, Atmos will continue to provide annual reports to the Commission as required by the terms of the Plan and which will also include results of the semi-annual leak surveys.


12. Atmos' proposed modification to the Plan as outlined hereinabove is more fully set forth in Exhibit B attached hereto (the "Plan Modification"). Atmos has presented this modification to the Commission's safety staff for review and discussion. Staff has indicated they will file a recommendation regarding the Plan Modification after it is filed.

13. Pursuant to 4 CSR 240-2.080(16), Atmos respectfully requests the Commission enter an order approving the Plan Modification on or before December 31, 2005. This is the date by which all unprotected steel main originally identified in the Plan must be replaced under the original terms thereof, and the Plan Modification, which extends the applicable time period through December 31, 2010, will enable Atmos to more efficiently and effectively coordinate the replacement of the Additional Steel Main

in conjunction with high-priority cast iron main replacement. Moreover, the original but erroneous classification of the Additional Steel Main as cathodically protected steel was the result of inadvertence or mistake and, promptly upon the discovery thereof, Atmos has taken prudent action, in conjunction with working with the Commission's safety staff, to devise a plan to remedy the problem in the form of the Plan Modification. Accordingly, this pleading was filed as soon as it could have been. The approval of the Plan Modification by the requested date of December 31, 2005, will have no negative effect upon Atmos' customers or the general public inasmuch as a material part of the Plan Modification is an aggressive leak survey schedule coupled with the fact that there are currently no leaks on the affected system of Additional Steel Main.

WHEREFORE, Atmos respectfully requests that the Commission enter an order on an expedited basis approving the Plan Modification set forth in Exhibit B attached hereto.

Respectfully submitted,


James M. Fischer #27543
Larry W. Dority #25617

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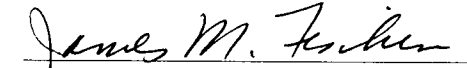
Attorneys for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail or mailed, First Class, postage prepaid, this 13th day of December, 2005, to:

Office of the Public Counsel
Governor Office Building
220 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102


Dana K. Joyce, General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102


James M. Fischer

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

Louis P. Gregory, being first duly sworn, on his oath and in his capacity as Senior Vice President and General Counsel of Atmos Energy Corporation, states that he is authorized to execute this Application on behalf of Atmos Energy Corporation, and has knowledge of the matters stated herein, and that said matters are true and correct to the best of his knowledge and belief.



Subscribed and sworn to before me this 12 day of December, 2005.



Notary Public, State of Texas

My Commission Expires: _____

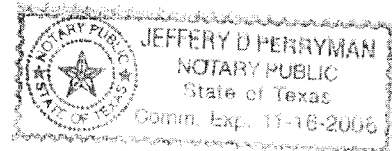


EXHIBIT A

Order Approving Cast Iron And Unprotected Steel Main Replacement Program

Case No. GO-91-276

(December 17, 1991)

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 17th
day of December, 1991.

In the matter of the review and approval of)
the cast iron main and unprotected steel) Case No. GO-91-276
main programs for United Cities Gas Company.)

ORDER APPROVING CAST IRON AND UNPROTECTED STEEL MAIN REPLACEMENT PLAN

This proceeding was established on February 14, 1991 in response to a motion filed by the Missouri Public Service Commission Staff (Staff) requesting the Commission establish a docket to review and approve United Cities Gas Company's (UCGC) pipeline replacement program. On October 31, 1991, UCGC filed its plan for cast iron and unprotected steel main replacement/protection (the plan). UCGC stated the filed plan incorporates informal comments received from Staff on earlier drafts.

On November 26, 1991, the Staff filed its recommendation that the Commission approve the plan as filed. In support of its recommendation, Staff states that the plan provides for expedited main replacement as required by 4 CSR 240-40.030(15)(c), (d) and (e). The plan emphasizes accelerated replacement of unprotected steel mains as opposed to cast iron mains. Staff states that UCGC is in the unique situation of experiencing a higher frequency of leaks in its unprotected steel mains than in its cast iron mains. Based on this history, Staff agrees with UCGC that the plan as proposed is the best approach for UCGC's unique circumstances.

Staff further recommends that UCGC submit annual cast iron fracture reports to the Commission, be made aware that approval of this plan does not

release UCGC from compliance with any of the requirements of 4 CSR 240-40.030 and that modifications of the plan can be made only upon Commission approval.

After review of the pleadings in this case, the Commission is of the opinion that the cast iron main and unprotected steel main replacement/protection program filed October 31, 1991 by UCGC should be adopted as the plan appropriately sets forth UCGC's strategy to replace its unprotected steel and cast iron mains as required by 4 CSR 240-40.030(15)(c), (d) and (e). The Commission is of the opinion that UCGC should file annual cast iron fracture reports to aid in the monitoring and detection of leaks in UCGC's cast iron mains. The Commission determines that the plan is subject to modification proposed by UCGC and Staff upon Commission approval. Furthermore, UCGC continues to be subject to the requirement of 4 CSR 240-40.030.

IT IS THEREFORE ORDERED:

1. That United Cities Gas Company's cast iron main and unprotected steel main replacement/protection program filed on October 31, 1991 be, and is, hereby approved.
2. That United Cities Gas Company file annual cast iron fracture reports with the Commission beginning October 1, 1992.
3. That this order shall become effective on December 27, 1991.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Mueller, Rauch, McClure and
Perkins, CC., Concur.
Steinmeier, Chm., Absent.

EXHIBIT B

Atmos Energy Corporation Main Replacement Plan Hannibal, Missouri

I. Cast Iron Main Replacement

Atmos Energy shall follow a systematic replacement program prioritized to identify and replace or eliminate cast iron mains in those areas that present the greatest potential for failure and would subject people and property to a potentially hazardous situation. The following factors, which are not listed in order of priority, will be analyzed by Atmos in scheduling segments of cast iron main for replacement:

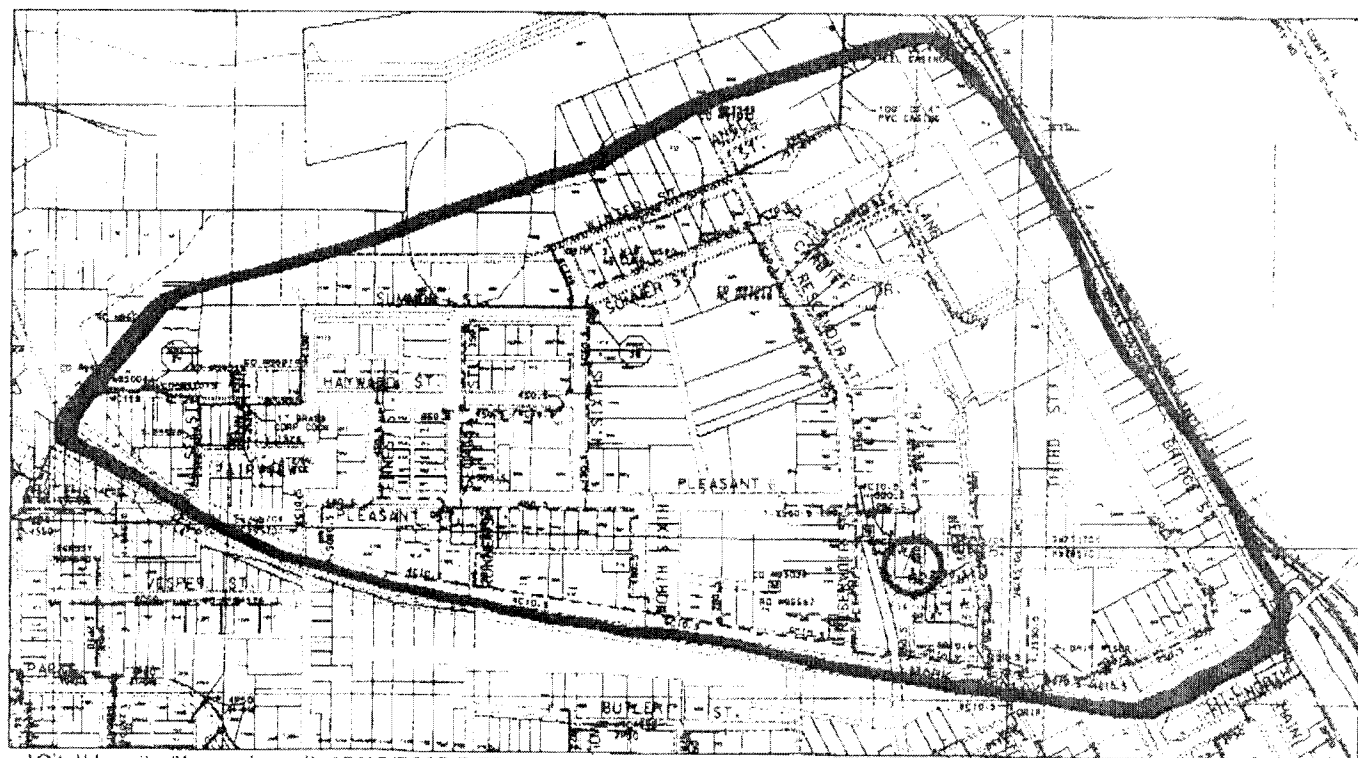
- ▶ Whether the mains are small (2 ¼" 3" and 4") in diameter
- ▶ Whether the main are located in areas of documented main breaks
- ▶ Whether the mains are located in areas of planned or active construction activity.
- ▶ Whether the main are located in systems which have a high concentration of known leaks
- ▶ Whether the mains are in a system with small diameter and operating at pressure exceeding 10 psi

Replacement Schedule for Cast Iron

Atmos will replace all Cast Iron Mains in Hannibal, Missouri by 2020

II. Unprotected Steel Mains & Cast Iron mains in the low pressure area on the North East side of Hannibal

All mains in the area known as low pressure area #1 (see attached maps) shall be replaced and upgraded to intermediate pressure by the end of 2010, including all partially replaced (replaced house to curb) services.



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