MEMORANDUM

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
Kwang Choe, Ph.D., Regulatory Economist - Procurement Analysis Department
Derick Miles, Utility Engineering Specialist - Procurement Analysis Department
Lesa Jenkins, P.E., Regulatory Engineer - Procurement Analysis Department

/s/ David M. Sommerer, 12/31/07	/s/ Lera L. Shemwell, 12/31/07
Project Coordinator, Date	General Counsel's Office, Date

SUBJECT: Staff's Recommendation in Atmos Energy Corporation's
2005-2006 Actual Cost Adjustment Filing

DATE: December 31, 2007

The Procurement Analysis Department (Staff) has reviewed Atmos Energy Corporation's (Atmos or Company) 2005-2006 Actual Cost Adjustment (ACA) filings for the former territories of Associated Natural Gas (ANG)(Areas B, K and S), United Cities Gas (Areas P and U) and Greeley Gas (Area G). These filings were made on October 17, 2006, for rates to become effective on November 1, 2006, in all areas. These filings were docketed as Case No. GR-2006-0300.

Staff's analysis consisted of a review and evaluation of the Company's billed revenues and its natural gas costs for the period of September 1, 2005, to August 31, 2006, for Areas B, K and S, and June 1, 2005, to May 31, 2006, for Areas G, P and U. A comparison of billed revenue recovery with actual costs will yield either an over-recovery or under-recovery of the ACA Costs. Staff performed an examination of Atmos' gas purchasing practices to determine the prudence of the Company's purchasing decisions. Staff also conducted a hedging review to determine the reasonableness of the Company's hedging plans for this ACA period. Staff conducted a reliability analysis of the Company's estimated peak day requirements and capacity levels to meet those requirements.

Areas B, K and S are separated into the following districts: Southeast Missouri (SEMO or Area S), Kirksville (Area K), and Butler (Area B). The SEMO, Kirksville and Butler districts served an average of 36,466 firm customers, 5,893 firm customers and 3,722 firm customers, respectively. Operationally, Areas B, K and S are separated into the following service areas: Butler, served by Panhandle Eastern Pipe Line Co., LLC (PEPL); Kirksville, served by ANR Pipeline Co. (ANR); Jackson, served by Natural Gas Pipeline Co. of America (NGPL); Piedmont, served by Mississippi River Transmission Corp. (MRT); and the Southeast Missouri Integrated system, served by Texas Eastern Transmission, LP (TETCO) and Ozark Gas Transmission, LLC.

Areas P and U are separated into the Consolidated District (Area P and part of Area U) and the Neelyville District (the rest of Area U). The Consolidated District, served by Panhandle Eastern Pipe Line Co., LLC (PEPL), served an average of 13,822 firm customers in the former districts of Hannibal/Canton, Bowling Green and Palmyra. The Neelyville District, served by Natural Gas Pipeline Co. of America (NGPL) and Texas Eastern Transmission, LP (TETCO), served an average of 460 firm customers, in and around Neelyville, Naylor and Qulin.

Area G, served by Southern Star Central Gas Pipeline, Inc. (SSC), served an average of 458 customers, in and around Rich Hill and Hume.

This memorandum is organized into four sections. Each section begins with detailed explanations of Staff's concerns and recommendations. Each continues with a summary and concludes with a concise recommendation section. The four sections are:

1) Atmos Energy Corporation, General;
2) Areas B, K, and S (formerly Associated Natural Gas);
3) Areas P and U (formerly United Cities Gas); and
4) Area G (formerly Greeley Gas).

SECTION 1. ATMOS ENERGY CORPORATION, GENERAL

HEDGING

Atmos implemented a hedging plan using the Company's General Regulated Utility Operations Risk Management Control Guidelines. The Risk Management activities may include both physical transactions and financial transactions. The Company's hedging plan for the winter 2005-2006 included storage and financial hedging instruments. Based on expected requirements for Missouri for the winter 2005-2006, the Company used swap agreements for financial hedging. These, combined with storage use, served the Company's hedging purpose to stabilize the volatility of natural gas prices, not necessarily achieving the lowest possible cost. The Company's goal is to obtain up to 50% of expected normalized purchased gas requirements through financial instruments. These financial hedging instruments, combined with storage use, were expected to cover 68% of normal requirements during the winter months (November 2005 through March 2006). It turned out that the financial hedging instruments and storage combined to cover 65% of the volumes actually delivered to customers for November 2005 through March 2006. This is equivalent of hedging 54% of normal winter requirements with storage and the financial instruments. The financial hedging purchases for November 2005 through March 2006 were made in late July and also in early October 2005. The Company subscribes to several market publications which provide updates on price estimates by industry analysts as well as to ProphetX, an internet-based service that provides real-time New York Mercantile Exchange (NYMEX) futures quotes, weather and natural gas industry news.

Given the nature of the hedging strategy adopted by the Company, using various financial instruments in order to ensure successful and prudent hedging, the Staff recommends that the Company should continue to monitor the market movements diligently and look into the possibility of expanding its gas portfolio to include physical hedges and /or hedges that more closely track physical price risk, in addition to storage. There should be a strong relationship between the physical price risk and the hedges used to mitigate that price risk. The Company should also continue to employ disciplined as well as discretionary approaches in its hedging practices. The Staff's concern about adopting an overly discretionary approach is that, if the Company chooses to delay initial hedging until later in the summer and then chooses to further delay or defer hedge placement pending hurricane or other market disturbances, undue exposure to market pricing can result. In addition, the Company should consider looking at longer term time horizons for establishing hedges.

	Hedged % of Normal
Greeley	46%
Kirksville	68%
Butler	66%
Semo	46%
Consolidated	62%
Neelyville	42%

RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

As a gas corporation providing natural gas service to Missouri customers, Atmos is responsible for conducting reasonable long-range supply planning and the decisions resulting from that planning. One purpose of the ACA process is to examine the reliability of the Local Distribution Company's (LDC) gas supply, transportation, and storage capabilities. For this analysis, Staff reviews the LDC's plans and decisions regarding estimated peak day requirements and the capacity levels to meet those requirements, peak day reserve margin and the rationale for this reserve margin, and natural gas supply plans for various weather conditions.

Atmos' reliability analyses are for the service areas of Butler, Kirksville, Jackson, Piedmont, Southeast Missouri Integrated (SEMO), Greeley, Consolidated (Hannibal, Canton, Palmyra, Bowling Green), and Neelyville. Jackson and Piedmont are included in the SEMO district for purposes of the tariff, but are separated in the reliability review because Jackson and Piedmont are each served by separate pipelines and the capacity requirements must be evaluated for each pipeline.

Staff has the following comments and concerns regarding the Company's reliability analyses:

A. Atmos Regression Analyses

1. Capacity Estimates

Atmos performed three regression analyses for each service area to estimate capacity requirements. The service areas are served by seven different pipelines, serving ten different and distinct areas. Thus, there were ten regression analyses for this LDC. The analyses considered both summer and winter usage data for November of 2002 through March of 2005. However, the regression analysis for the Greeley area considered only one year of data, from August of 2004 to August of 2005, due to the replacement of the Stateline meter in 2004.

2. Supply Requirements

To determine how much natural gas to purchase, an LDC must have an estimate of how much natural gas its customers use in normal weather. As in prior ACA periods, Atmos states that its estimates of normal requirements are weather normalized. The data that Atmos provides for the entire system shows that the normalization calculation is done each month and is based on only the monthly total in each of the previous two years, which is only two data points. Atmos averages these two numbers. Thus, the normal estimate is based on only two data points, and is not weather normalized. Averaging two data points is not normalizing the data for weather. The Company's reliance on only two data points, without consideration of actual weather, is not a reasonable method to estimate normal loads. For example, if weather were extremely warm for two consecutive years, and the third year is cold or normal compared with the two prior years, the company's supply planning estimates can under estimate customers usage and how the Company's storage should be used in conjunction with the various supply agreements to meet the normal or higher loads. Atmos agreed to provide Staff with analyses related to warmer and cooler weather in response to the Staff Recommendation for the 2003/2004 ACA Review, GR-2004-0479. However, in Atmos' response, it is stated that this analysis will be for the 2006/2007 ACA review period. Staff will further evaluate the Company's plans for various weather conditions in the 2006/2007 ACA review.

B. Reserve Margins

Atmos' reserve margin for the Greeley area was at 4.17% for this ACA period. Because of Atmos' allocation of capacity between Missouri and Kansas, Staff recommends that Atmos evaluate the Missouri allocation at least every two to three years to ensure that the allocation is sufficient to fulfill the peak day requirements of the service area. This could be fulfilled by regression models for the service area, if the analysis is performed every two to three years. (The Greeley area primarily serves Bourbon County, Kansas and only a small portion, roughly 4%, makes up Missouri's portion of the district.)

The reserve margin for the Piedmont/Arcadia area on the MRT pipeline was high at 24%; as was the reserve margin for the Bowling Green area at 33%. Reserve margin for the Butler area is at 47%. Reserve margin for the Neelyville area on TETCO was 94%. However, the Small Customer Transportation rates for the pipelines in these service areas only charge for the pipeline capacity that is actually used. Thus, customers are assured of adequate capacity with these high reserve margins but are only paying for capacity that is used.

For the 2005/2006 ACA period, the reserve margin at the SEMO district was 0.01%. The Company's contracted capacity on this system includes a "peaking service" that the Company states is assessed yearly. Review of data sources indicates that the Southeast region of the State of Missouri is growing. However, Atmos states 0% growth. Growth is also evident when Staff compared the Company's Peak Design Day over the past two ACA periods. Staff recommends that the Company reevaluate growth for the SEMO district and the impact on the Company's peak day estimates for the next three to five years.

	Peak Day 2003/2004 (Dth/day)	Peak Day 2005/2006	% Increase per Year
Jackson (NGPL)	8,281	9,353	6.5%
SEMO Integrated	35,286	44,194	12.6%

The reserve margin at Jackson was negative 5.8% for the 2005/2006 ACA Review period. Atmos states the reserve margin is 2% for the 2006/2007 ACA period. However, the pipeline capacity contracts have not changed, and the Company has stated 0% growth for this system on the NGPL pipeline. Thus, the reserve margin would still be negative 5.8% for 2006/2007. The Company needs to reevaluate its reserve margins and growth estimates for the Jackson area and explain how it will meet the requirements of a peak cold day.

C. Storage- Greeley System

The storage balances for the Greeley area were high for the allocated Maximum Storage Quantity (MSQ). Atmos' response to Data Request No. 65 states that the MSQ is 8,300; however, the allocated maximum withdrawal quantity (MDWQ) for Missouri's portion is 420 Dth/day. The pipeline tariff states that the MSQ is a factor of 33 times the MDWQ. Thus, the MSQ for Missouri would be 13,860 Dth. Although Atmos informed Staff via conference call on Thursday, December 13, 2007, that the MSQ is, indeed, 8,300 Dth, this does not explain the balance obtained of over 10,000 Dth (121% of 8,300 MSQ) in August and balances of about 9,800 (118% of 8,300 MSQ) in September, October, and November. There were no penalties, associated with storage balances, for this ACA period. It is recommended that Atmos clarify the storage constraints of MSQ, MDWQ, and Maximum Daily Injection Quantity (MDIQ) for the Greeley system.

The Company's plan was for storage balance at the end of March to be at 5%. Since the Kansas area needed gas in the month of March and Missouri's portion was higher than plan at 110% of the MSQ, the Company decided to "transfer" a significant portion (8,675 Dth) of gas out of Missouri's allocated balance and into Kansas' balance. This transaction did bring the balance back to 7% of the 8,300 MSQ. Atmos' goal was to be at 5% of MSQ at the end of the withdrawal season. The weighted-average cost of gas in storage decreased in subsequent months. Staff noted that this financial booking of the gas was incorrect as it was handled financially as a withdrawal of gas. ** ______________________________ ______________________________________ ** This adjustment is noted in the Greeley section of this Staff Recommendation.

D. Propane

Propane was an integral part of the supply for the Hannibal area for this ACA period. In the 2003/2004 ACA review, Staff noted that the propane holding tanks were only filled to 54% of capacity for the start of the 2003/2004 winter season. For this ACA period, the tanks were filled to 90% at the end of October for the 2005/2006 winter season.

CAPACITY RELEASE (ALL DISTRICTS)

In December 2007, the Staff became aware of Federal Energy Regulatory Commission (FERC) discovery regarding Atmos capacity release procedures. The Staff will continue to monitor this issue.

PROFESSIONAL SERVICES (ALL DISTRICTS)

Atmos included travel expenses in the 2005-2006 ACA associated with Staff's review of the 2004-2005 ACA external audit workpapers. These costs are not considered to be gas cost but, rather, should be included in base rates. Since the total expense of $6,140 was allocated to all of Atmos' Missouri service areas, Staff recommends that the following adjustments should be made: ($39) Greeley; ($1,560) Consolidated; ($33) Neelyville; ($803) Kirksville; ($435) Butler; and ($3,269) SEMO.

RECOMMENDATION – ATMOS ENERGY CORPORATION, GENERAL

The Staff recommends that the Commission issue an order requiring Atmos to:

1. Respond to Staff's comments in the hedging section.

2. Respond to the following issues in the Reliability Analysis and Gas Supply Planning section of this Memorandum:

   (a) Growth for the SEMO service area and the impact on the Company's peak day estimates for the next three to five years;

   (b) Growth for the Jackson area and the impact on the reserve margin and how Atmos will meet the requirements of a peak cold day; and

NP

(c) Clarification of the storage constraints of MSQ, MDWQ, and MDIQ for the Greeley system.

(There is no financial adjustment related to Reliability or Supply Planning for this ACA review period.)

3. Remove costs associated with travel expenses in the 2004-05 ACA. The costs were as follows: ($39) Greeley; ($1,560) Consolidated; ($33) Neelyville; ($803) Kirksville; ($435) Butler; and ($3,269) SEMO. These adjustments are included in the tables located in Section 2 - Table 1, Section 3 - Table 2, and Section 4 - Table 3.

4. File a written response to the recommendations included herein within 30 days.

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

BEGINNING BALANCES AUGUST 31, 2005

Ending balances for the prior year ACA Case No. GR-2005-0311 was established in the Unanimous Stipulation and Agreement that the parties filed on March 1, 2007. However, the Company's support for the 2005-2006 ACA filing showed the beginning balances to be different amounts. The reason is that the 2005-2006 PGA/ACA filings were made in October 2006, while the prior year amounts were still in dispute until March 1, 2007, (Unanimous Stipulation and Agreement filed date). Staff, therefore, proposes that Atmos adjust its ACA beginning balances from August 31, 2005, to agree with the balances from the Unanimous Stipulation and Agreement that closed prior year Case No. GR-2005-0311. The related adjustments to the August 31, 2006, ending balances for ACA period 2005-2006 are the following:

Areas B, K & S	8/31/05 Beginning Balances per Filing for 2005-2006	Staff Adjustments	Unanimous Stipulation & Agreement Ending Balances for 2004-2005
SEMO District (Area S):			
Firm ACA	($1,602,609)	($66,373)	($1,668,982)
Interruptible ACA	$189,017	($6,843)	$182,174
Kirksville District (Area K):			
Firm ACA	($361,727)	($35,301)	($397,028)
Interruptible ACA	($86,227)	$2,499	($83,728)
Butler District (Area B):			
Firm ACA	($183,702)	$66,876	($116,826)
Interruptible ACA	($63,138)	$37,839	($25,299)

CARRYING COSTS ON UNDER- OR OVER-RECOVERIES OF PGA/ACA COSTS

Effective September 19, 2003, Atmos changed its method of computing carrying costs on the cumulative under- or over-recovery of gas costs. Using the new method, carrying costs are computed each month based on the average of the accumulated monthly over- or under-recoveries of all PGA related costs.

In its 2005-2006 PGA/ACA filing, for Areas B, K and S, the Company miscalculated the carrying costs on the under- and over-recoveries of PGA/ACA costs. Therefore, the Staff proposes that Atmos adjust the carrying costs to agree with the Staff's computations, as follows:

a. Increase the Area S Firm ACA over-recovered balance by $4,223.
b. Decrease the Area K Firm ACA over-recovered balance by $1,436.
c. Increase the Area K Interruptible ACA over-recovered balance by $1,004.
d. Decrease the Area B Firm ACA over-recovered balance by $3,498.
e. Decrease the Area B Interruptible ACA over-recovered balance to an under-recovered balance by $1,449.

BUTLER STORAGE

Atmos omitted certain Panhandle Trans Field commodity costs from April 2006 to August 2006 from their overall cost of storage injections. In response to Data Request No. 107, Atmos agrees that these costs were inadvertently omitted from the storage cost calculation and should have been included as part of their overall storage injection costs. These Panhandle commodity costs increase the overall storage injection cost by $32,511 therefore Staff recommends that storage costs on the Butler district should be reduced by $32,511 for Firm sales customers.

KIRKSVILLE COST ALLOCATION

Atmos had entered into a swing contract ** ______________________________ ______________________________ ** during the months of November 2005 to March 2006. The demand charges associated with this contract were allocated as commodity costs in the Company's filing (with the exception of December 2005). Staff re-allocated these demand charges as demand related costs. Staff recommends that, after re-allocation, costs for Firm sales customers should increase by $3,377 ($3,498 - $121) and decrease by $3,377 (($3,474) + $97) for Interruptible sales customers.

RECOMMENDATION – AREAS B, K AND S (formerly ANG)

The Staff recommends that the Commission issue an order requiring Atmos to:

1. Adjust the ACA account balances in its next ACA filing to reflect the following Staff adjustments and to reflect the (over)/under-recovered ACA and Transition Cost balances in the "Staff Recommended" column of the following table:

TABLE 1

(ANG) Areas B, K, and S	**8-31-06 Ending Balances per Filing for 2005-2006**	**Staff Adjustments**	**Staff Recommended Ending Balances for 2005-2006**
SEMO District (Area S) 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
Kirksville District (Area K): 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)
Butler District (Area 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) Kirksville Cost Allocation

2. File a written response to the recommendations included herein within 30 days.

SECTION 3. AREAS P AND U (formerly UNITED CITIES GAS)

BEGINNING BALANCES MAY 31, 2005

Ending balances for the prior year ACA Case No. GR-2005-0311 were established in the Unanimous Stipulation and Agreement that the parties filed on March 1, 2007. However, the Company's support for the 2005-2006 ACA filing showed the beginning balance to be a different amount for the

Consolidated District's commodity ACA account. The reason is that the 2005-2006 PGA/ACA filings were made in October 2006, while the prior year amounts were still in dispute until March 1, 2007, (Unanimous Stipulation and Agreement filed date). Therefore, Staff proposes that Atmos adjust its ACA beginning balance from May 31, 2005, to agree with the balance from the Unanimous Stipulation and Agreement that closed prior year Case No. GR-2005-0311. The related adjustment to the May 31, 2005, ending balance for ACA period 2004-2005 would decrease the over-recovered balance in the Consolidated District's commodity ACA account by $823 and by $376 in the Neelyville District's commodity ACA account, as shown in the table below:

Areas P & U	5/31/05 Beginning Balances per Filing for 2005-2006	Staff Adjustments	Unanimous Stipulation & Agreement Ending Balances for 2004-2005
Consolidated District: Demand ACA	($403,728)	$583	($403,145)
Commodity ACA	($1,123,729)	$823	($1,122,906)
Neelyville District: Demand ACA	($4,166)	($10)	($4,176)
Commodity ACA	($46,392)	$376	($46,016)

CARRYING COSTS ON UNDER- OR OVER-RECOVERIES OF PGA/ACA COSTS

Effective September 19, 2003, Atmos changed its method of computing carrying costs on the cumulative under- or over-recovery of gas costs. Using the new method, carrying costs are computed each month based on the average of the accumulated monthly over- or under-recoveries of all PGA related costs.

In its 2005-2006 PGA/ACA filing, for Areas P & U, the Company miscalculated the carrying costs on the under- and over-recoveries of PGA/ACA costs during the month of April 2006. The proper commodity cost ACA balance was not carried forward from March 2006 to April 2006 (positive ACA balance of $427,446 carried forward instead of the appropriate negative ACA balance of ($427,446)). Staff recommends that Atmos increase the P & U commodity over-recovery balance by $2,334.

RECOMMENDATION – AREAS P AND U (formerly UNITED CITIES GAS)

The Staff recommends that the Commission issue an order requiring Atmos to:

1. Adjust the ACA account balances in its next ACA filing to reflect the following Staff adjustments and to reflect the (over)/under-recovered ACA balances in the "Staff Recommended" column of the following table:

TABLE 2

(UNITED CITIES GAS) Areas P and U	**5-31-06 Ending Balances per Filing for 2005-2006**	**Staff Adjustments**	**Staff Recommended Ending Balances for 2005-2006**
Consolidated District: Demand ACA	($404,599)	$583 (A)	($404,016)
Commodity ACA	($888,771)	$823 (A) ($2,334) (B) ($1,560) (C)	($891,842)
Neelyville District: 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

2. File a written response to the recommendations included herein within 30 days.

SECTION 4. AREA G (formerly GREELEY GAS)

BEGINNING BALANCE MAY 31, 2005

Ending balances for the prior year ACA Case No. GR-2005-0311 was established in the Unanimous Stipulation and Agreement that the parties filed on March 1, 2007. However, the Company's support for the 2005-2006ACA filing showed the beginning balance to be a different amount for Area G's ACA account. The reason is that the 2005-2006 PGA/ACA filings were made in October 2006, while the prior year amounts were still in dispute until March 1, 2007, (Unanimous Stipulation and Agreement filed date). Therefore, Staff proposes that Atmos decrease, by $3,005, the under-recovered beginning balance as of May 31, 2005, for Area G's ACA account, as shown in the table below:

Area G	**5/31/05 Beginning Balance per Filing for 2005-2006**	**Staff Adjustments**	**Unanimous Stipulation & Agreement Ending Balances 2004-2005**
Area G Total ACA Balance	$65,344	($3,005)	$62,339

GREELEY STORAGE

During March 2006, Atmos transferred 8,675 Mcf's of storage to its Kansas service territory. According to the Company, Greeley's storage balances were well above normal for March so a transfer of storage volumes was necessary in order to get the inventory levels near their planned storage level (approximately 5% of their Maximum Storage Quantity). In addition, Greeley did not want to exceed their Maximum Storage Quantity going into their injection season (April to October).

The transfer was included on the Company's filing as a withdrawal of gas. The withdrawal volumes were priced at the prior month weighted average cost of gas and the resulting withdrawal cost was included in the Company's filing. Staff believes that these withdrawal costs should not be charged to the Missouri customers because the volumes were transferred to Kansas for their consumption. Staff is recommending a reduction in the amount of $56,217 ** __________________ **. This represents an average annual credit of $123 per customer ($56,217/458 customers).

RECOMMENDATION – AREA G (formerly GREELEY GAS)

The Staff recommends that the Commission issue an order requiring Atmos to:

1. Adjust the ACA account balances in its next ACA filing to reflect the following Staff adjustments and to reflect the (over)/under-recovered ACA balances in the "Staff Recommended" column of the following table:

TABLE 3

(GREELEY) Area G	**5-31-05 Ending Balance per 2005-2006 Filing**	**Staff Adjustments**	**Staff Recommended Ending Balances for 2005-2006**
Area G Total ACA Balance	$97,547	($3,005) (A) ($39) (B) ($56,217) (C)	$38,286

Notes to Staff Adjustments:
A) ACA beginning balances May 31, 2005 adjusted to prior year ending balances.
B) Professional Services
C) Storage

2. File a written response to the recommendations included herein within 30 days.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of the PGA/ACA tariff filing of Atmos Energy Corporation for the Areas P & U, B, K & S, and area G.	))	Case No. GR-2006-0300

AFFIDAVIT OF DAVID M. SOMMERER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David M. Sommerer, being of lawful age, on his oath states: that as a Utility Regulatory Manager in the Procurement Analysis Department of the Utility Services Division, he has participated in the preparation of the foregoing report, consisting of 12 pages to be presented in the above case; that he has verified that the following Staff Memorandum was prepared by himself and Staff of the Commission that have knowledge of the matters set forth as described below; that he has verified with each of the Staff members listed below that the matters set forth in the Staff Memorandum are true and correct to the best of his knowledge and belief,

Phil S. Lock:	Billed Revenues and Actual Gas Costs
Derick Miles:	Reliability Analysis and Gas Supply Planning
Lesa Jenkins:	Reliability Analysis and Gas Supply Planning
Kwang Y. Choe:	Hedging

that he has knowledge of the matters set forth in such report and that such matters are true to the best of his knowledge and belief.

David M. Sommerer
David M. Sommerer

Subscribed and sworn to before me this 31st day of December 2007.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
County of Cole
My Commission Exp. 07/01/2008

D Suzie Mankin
Notary Public