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April 15, 1998

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

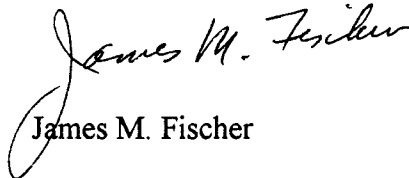
RE: *In the Matter of the Application of United Cities Gas Company, a division of Atmos Energy Corporation, for an Accounting Authority Order Related to Investigation and Response Actions Associated with Its Former Manufactured Gas Plant Site in Hannibal, Missouri. - Case No. GA-98-464*

Dear Mr. Roberts:


Enclosed are the original and fourteen (14) copies of the Application for Accounting Authority Order of United Cities Gas Company, a division of Atmos Energy Corporation, for filing in the above-referenced matter. A copy of the foregoing Application has been hand-delivered or mailed this date to parties of record.

Thank you for your attention to this matter.

Sincerely,


James M. Fischer

/jr
Enclosures

cc: Office of the Public Counsel 

APR 16 1998

FILE COPY

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

In the Matter of the Application of United Cities Gas)
Company, a division of Atmos Energy Corporation,)
for an Accounting Authority Order Related to)
Investigation and Response Actions Associated with)
Its Former Manufactured Gas Plant Site in Hannibal,)
Missouri.)

Case No. GA-98-464

APPLICATION FOR ACCOUNTING AUTHORITY ORDER

COMES NOW United Cities Gas Company, a division of Atmos Energy Corporation (hereinafter "United Cities") and for its Application for Accounting Authority Order ("AAO") states to the Missouri Public Service Commission ("Commission"):

1. United Cities is a natural gas company as defined in Section 386.020(16), RSMo 1996,¹ and is certificated to provide natural gas service in Missouri. Its principal place of business is located at:

United Cities Gas Company,
a division of Atmos Energy Corporation
5300 Maryland Way
Brentwood, TN 37027
Telephone: (615) 373-0104
Fax: (615) 661-5877

¹All statutory references are to Revised Statutes of Missouri 1996, unless otherwise noted.

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2. Correspondence related to this Application should be sent to:

Douglas C. Walther, Esq.
Atmos Energy Corporation
1800 Three Lincoln Center
5430 LBJ Freeway
Dallas, Texas 75240
Telephone: (972) 855-3102
Fax: (972) 855-3080

James M. Fischer, Esq.
James M. Fischer, P.C.
101 West McCarty Street, Suite 215
Jefferson City, Missouri 65101
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3. Various federal and state agencies have imposed environmental control requirements which require local distribution gas companies, such as United Cities, to meet applicable standards at manufactured gas plant ("MGP") sites. United Cities must meet these regulations and has identified a site which potentially may require an environmental response action to comply with applicable environmental laws and regulations.

4. The property involved is located at the intersection of 11th and Collier Streets in Hannibal, Missouri. The site is the former location of a MGP. In 1996, the Missouri Department of Natural Resources ("MDNR") performed a Preliminary Assessment and Site Investigation at the site. Based on the result of the Site Investigation, an environmental response action will be undertaken at the site.

5. It is United Cities' plan to initiate an interim removal action at the site in the spring of 1998. The purpose of the interim action will be to excavate and dispose of the most highly impacted material at the site. The action will consist of the excavation of the most highly impacted soil as well as manufactured gas plant by-products and residuals and transporting them to appropriate facilities.

The interim removal action should be completed this spring and is anticipated to cost approximately \$160,000.

6. Following the conclusion of the interim removal action, further environmental response actions consisting of further sampling and possibly further removal and treatment may be necessary at the site.

7. United Cities is requesting authorization to defer in Account 182.3 (formerly Account 186) all costs incurred in connection with:

a. the investigation, assessment, removal, disposal, storage, remediation or other clean-up of residues, substances, materials and/or property associated with the Hannibal manufactured gas plant;

b. the dismantling and/or removal of facilities formerly utilized in manufactured gas plant operations;

c. efforts to recover such costs from potentially responsible third parties and insurance companies; and

d. payments received by United Cities as a result of such efforts.

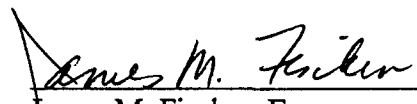
The Commission has previously approved a similar request for an AAO for the environmental response actions at manufactured gas plant sites for Laclede Gas Company. *See Re: Laclede Gas Company*, 172 PUR4th 83, (1996). United Cities is not requesting approval of any ratemaking treatment of these costs at this time. The review and appropriate disposition of these costs would be reserved for and determined in United Cities' next general rate case. Furthermore, any refunds or reimbursements received from state funds, insurance companies or other third parties will be credited to Account 182.3. This AAO would apply to costs incurred and payments received, if any, between

March 31, 1998 and the effective date of the rates established in United Cities' next general rate case or the beginning of the deferral period of any subsequent AAO granted for the same costs, whichever is earlier.

8. United Cities believes an AAO is appropriate since the costs of investigation, assessment and environmental response actions at the Hannibal MGP are extraordinary and non-recurring costs, and United Cities may not otherwise have the opportunity to recover these extraordinary expenses, without the issuance of the requested AAO. *See Re: St. Louis County Water Company*, Case No. WR-96-263, Report and Order at 13, (December 31, 1996).

WHEREFORE, for the reasons stated herein, United Cities respectfully requests the Commission to issue its Order Approving Application for Accounting Authority Order to authorize United Cities to defer in Account 182.3 all costs as more fully discussed in Paragraph 7 herein, incurred in connection with the investigation, assessment and environmental response actions at the Hannibal MGP.

Respectfully submitted,

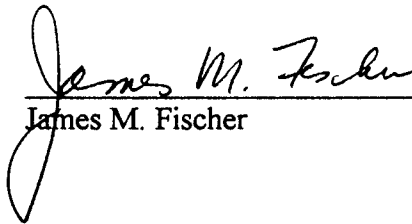

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ATTORNEY FOR
UNITED CITIES GAS COMPANY,
a division of ATMOS ENERGY CORPORATION

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered or mailed, postage prepaid, this 5th day of April, 1998, to:

Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102

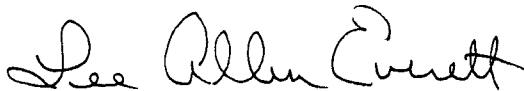


James M. Fischer

VERIFICATION

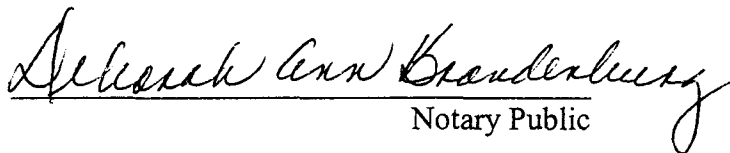
STATE OF TEXAS)
)ss:
COUNTY OF DALLAS)

Lee Allen Everett first duly sworn, on his oath and in his capacity as Vice President, Price Policy and Administration of Atmos Energy Corporation, states that he is authorized to execute on behalf of Atmos Energy Corporation this Application for Accounting Authority Order, and has knowledge of the matters stated in this Application, and that said matters are true and correct to the best of his knowledge and belief.



Lee Allen Everett
Vice President, Price Policy and
Administration

SUBSCRIBED AND SWORN to before me this 13th day of APRIL, 1998.



Notary Public

