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STATE OF MISSOURI PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 25th day of February, 1999.

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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

ACCOUNTING AUTHORITY ORDER

On April 15, 1998, United Cities Gas Company, a division of Atmos Energy Corporation (hereafter United Cities), filed an application for an Accounting Authority Order (AAO) to defer in Account 182.3 (formerly Account 186) certain costs. United Cities is a natural gas company as defined in Section 386.020(16), RSMo 1996, and is certified to provide natural gas in Missouri.

United Cities indicates in its application that it seeks to defer in Account 182.3 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 property involved is the former location of a manufactured gas plant, and is located at the intersection of 11th and Collier Streets in Hannibal, Missouri. In 1996, the Missouri Department of Natural Resources 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.

United Cities states that it plans to initiate an interim removal action at the site which is anticipated to cost approximately \$160,000. Following the conclusion of the interim removal action, additional environmental response actions may be necessary.

On July 10, 1998, the Staff of the Missouri Public Service Commission (Staff) filed a Recommendation for Approval of Request for an Accounting Authority Order (AAO). The Staff notes that United Cities is not requesting approval of any ratemaking treatment of these costs at this time. The Staff also indicates that review and appropriate disposition of these costs would be reserved for and determined in United Cities' next general rate case. Any refunds or reimbursements received from state funds, insurance companies or other third parties will be credited to Account 182.3.

The Staff's memorandum recommends the Commission approve the application for an AAO with the following conditions:

1. This AAO will apply to costs incurred or payments received 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. In the event the Staff, in United Cities' next general rate case, recommends an amortization of the deferred costs, any payments received during the amortization period

- shall be credited to Account 182.3 and the amortization amount adjusted accordingly.
- 2. This AAO shall become null and void in the event United Cities does not file tariff sheets proposing a general increase in rates within twenty-four (24) months from the effective date of the order granting authorization of the AAO.
- 3. The Staff reserves the right to challenge the recovery in future rates of any costs deferred under this AAO.
- 4. The Commission shall not be deemed to have acquiesced in any ratemaking principle regarding the deferred expenditures if it grants approval to this application.

The Commission has reviewed the Application for Accounting Authority Order and the Staff's memorandum. The Commission finds the request by United Cities for an AAO to be reasonable. The Commission will grant United Cities an AAO subject to the conditions proposed by the Staff and set out above.

IT IS THEREFORE ORDERED:

- 1. That the Application for Accounting Authority Order filed by United Cities Gas Company, a division of Atmos Energy Corporation, on April 15, 1998, is approved with the conditions provided in this order.
- 2. That the accounting authority order will apply to costs incurred or payments received 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 accounting authority order granted for the same costs, whichever is earlier. In the event the Staff, in United Cities' next general rate case, recommends an amortization of the deferred costs, any payments received during the

amortization period shall be credited to Account 182.3 and the amortization amount adjusted accordingly.

- 3. That this accounting authority order shall become null and void in the event United Cities does not file tariff sheets proposing a general increase in rates within twenty-four (24) months from the effective date of this order.
- 4. That any party may challenge the recovery in future rates of any costs deferred under this order.
- 5. That nothing in this order shall be considered a finding of the Commission of the reasonableness of the costs deferred by authority of this order, and that the Commission reserves the right to consider the ratemaking treatment to be accorded these costs in a later proceeding.
 - 6. That this order shall become effective on March 9, 1999.

BY THE COMMISSION

Hole Hoed Roberts

Dale Hardy Roberts Secretary/Chief Regulatory Law Judge

(SEAL)

Lumpe, Ch., Crumpton and Drainer, CC., concur.
Murray and Schemenauer, CC., absent.

Ruth, Regulatory Law Judge

STATE OF MISSOURI PUBLIC SERVICE COMMISSION JEFFERSON CITY February 25, 1999

CASE NO: GA-98-464

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Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,

Dale Hardy Roberts

HAR HARD Roberts

Secretary/Chief Regulatory Law Judge

Uncertified Copy:

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