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June 26, 2001

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Secretary/Chief Regulatory Law Judge

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FILED³

JUN 26 2001

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

Missouri Public
Service Commission

RE: Case No. GR-2001-396

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Dennis L. Frey
Associate General Counsel
(573) 751-8700
(573) 751-9285 (Fax)
dfrey03@mail.state.mo.us

DLF:ccl
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³
JUN 26 2001

In the matter of Atmos Energy Corporation's)
Purchased Gas Adjustment Factors to be)
Reviewed in Its 2000-2001 Actual Cost)
Adjustment.)

Case No. GR-2001-396

Missouri Public
Service Commission

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and respectfully states:

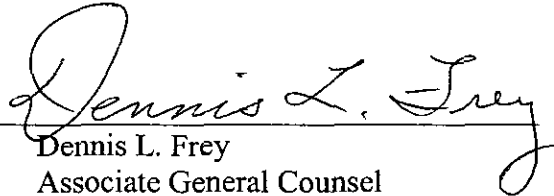
1. On June 15, 2001, Atmos Energy Corporation ("Atmos" or "Company") filed with the Missouri Public Service Commission ("Commission") a tariff sheet reflecting unscheduled changes in Atmos's Purchased Gas Adjustment ("PGA") factors as a result of changes in the cost of natural gas for the remainder of the summer season. In conjunction with the tariff sheet, which is proposed to become effective on July 1, 2001, Atmos also filed on June 15 a request for a one-time variance from the PGA clause of the Company's tariff.

2. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Commission grant Atmos's request for a variance and approve the Company's proposed tariff sheet on an interim-subject-to-refund basis.

WHEREFORE, the Staff respectfully requests that the Commission issue an order in accordance with the recommendations in the Staff's Memorandum attached hereto.

Respectfully submitted,

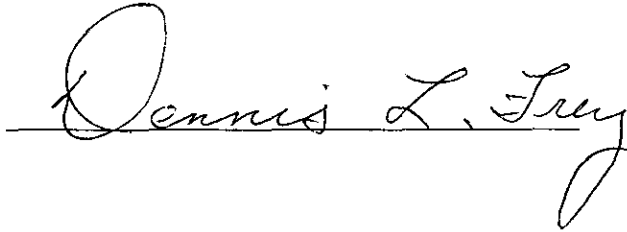
DANA K. JOYCE
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Associate General Counsel
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 26th day of June 2001.



M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2001-396, File No. 200101191,
Atmos Energy Corporation

FROM: ^{WWS WW} Tom Imhoff, Energy Department - Tariffs/Rate Design

Wes Henderson 6-22-01
Utility Operations Division/Date

Thomas R. Schumacher Jr. 6/24/01
General Counsel's Office/Date

J-2 3-6-24-01

SUBJECT: Staff Recommendation for Atmos Energy Corporation's Request for a
One-time Variance and an Unscheduled Summer Season PGA Filing
Effective July 1, 2001.

DATE: June 22, 2001

On June 15, 2001, Atmos Energy Corporation (Atmos or Company) of Dallas, Texas, filed a tariff sheet proposed to become effective July 1, 2001. The tariff sheet was filed to reflect unscheduled changes in Atmos's Purchased Gas Adjustment (PGA) factors as the result of changes in the estimated cost of natural gas for the remaining summer season. The summer season includes the months of April through October.

In conjunction with the filing of this tariff sheet, Atmos filed a REQUEST FOR VARIANCE FROM TARIFF PROVISIONS (Motion). This Motion requests a one-time variance from the PGA Clause of Atmos's tariff due to decreases in the market price of natural gas. In addition, Atmos cites the following reasons for approval of this one-time variance:

1. Give a more accurate price signal to consumers regarding the current cost of natural gas; and
2. Help keep the Deferred Carrying Cost Balance (DCCB) and the Actual Cost Adjustment (ACA) balances at appropriate levels and not create significant over-collections or under-collections that would need to be reflected in future periods.

For Atmos's Butler District, the effect of these changes will decrease the firm PGA factor for the remainder of the 2001 summer season to \$0.67077 per Ccf from a winter season firm PGA factor of \$1.16519 per Ccf. The PGA factor would decrease by 42.4% under this proposal.

For Atmos's Kirksville District, the effect of these changes will decrease the firm PGA factor for the remainder of the 2001 summer season to \$0.78998 per Ccf from a winter season firm PGA factor of \$1.07076 per Ccf. The PGA factor would decrease by 26.2% under this proposal.

For Atmos's Southeast Missouri (SEMO) District, the effect of these changes will decrease the firm PGA factor for the remainder of the 2001 summer season

to \$0.79986 per Ccf from a winter season firm PGA factor of \$1.13726 per Ccf. The PGA factor would decrease by 29.7% under this proposal.

Case No. GR-2001-396, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2000-2001 ACA filing. Atmos purchased the Missouri properties of Associated Natural Gas Company (ANG) in Case No. GM-2000-312 effective June 1, 2000. Atmos assumed all responsibilities for the former ANG Missouri properties pursuant to the Commission ORDER APPROVING STIPULATION AND AGREEMENT issued in Case No. GM-2000-312. Case No. GR-2000-573 was established to address the PGA factors that will be reviewed in the 1999-2000 ACA filing. Case No. GR-99-392 was established to address the PGA factors that will be reviewed in the 1998-1999 ACA filing. Case No. GR-98-399 was established to address the PGA factors that will be reviewed in the 1997-1998 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-98-399, GR-99-392, GR-2000-573 and GR-2001-396.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed the Motion and agrees that the one-time variance request be granted. Staff has also reviewed the PGA filing and has determined that, with the exception of the one-time variance request to file an unscheduled summer PGA, this filing was calculated in conformance with Atmos's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by Atmos's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the Commission grant the one-time variance as requested by the Company on June 15, 2001, and approve the following tariff sheet to become effective July 1, 2001, interim subject to refund:

P.S.C. MO. No. 6

23rd Revised Sheet No. 16T, Cancelling 22nd Revised Sheet No. 16T.

Copies: Director - Utility Operations Division
Public Information Administrator
Director - Utility Services Division
General Counsel
Manager - Financial Analysis Department
Manager - Procurement Analysis Department
Manager - Energy Department
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Bobby J. Cline, Manager, Rate Administration
Douglas Walther, Attorney (Atmos)
James M. Fischer - Attorney with Fischer & Dority P.C. (Atmos)
Office of the Public Counsel

Service List for
Case No. GR-2001-396
Revised: June 26, 2001 (ccl)

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