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Missouri Public Service Commission

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October 26, 2001

ROBERT J. QUINN, JR.
Executive Director
WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. KOLILIS
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

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

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
OCT 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:

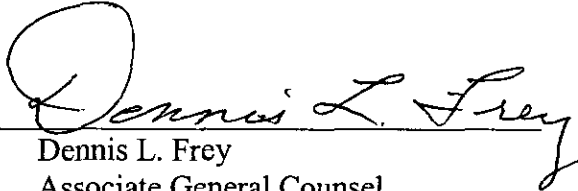
1. On October 18, 2001, Atmos Energy Corporation ("Atmos" or "Company") filed with the Missouri Public Service Commission ("Commission") a tariff sheet with a proposed effective date of November 1, 2001. The tariff sheet reflects scheduled changes in Atmos' Purchased Gas Adjustment ("PGA") factors as a result of changes in the cost of natural gas for the 2001-2002 winter season, along with changes in the Actual Cost Adjustment, Transition Cost and Refund factors.

2. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Commission approve the Company's proposed tariff sheet on an interim-subject-to-refund basis, and, based on good cause shown, on less than thirty days' notice.

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,

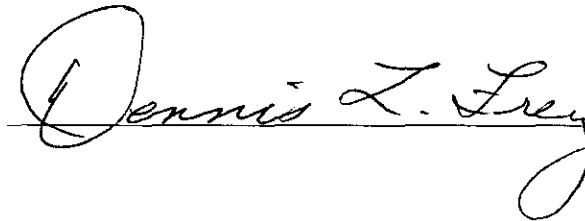
DANA K. JOYCE
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Certificate of Service

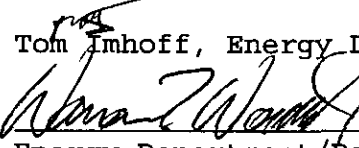
I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 26th day of October 2001.

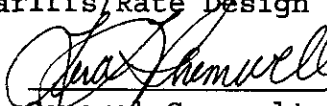


M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2001-396, File No. 200200297,
Atmos Energy Corporation

FROM: Tom Imhoff, Energy Department - Tariffs/Rate Design

 10-25-01
Energy Department/Date

 10-26-01
General Counsel's Office/Date

D-2.3.
10-26-01

SUBJECT: Staff Recommendation for Atmos Energy Scheduled Winter Season PGA
Filing Effective November 1, 2001.

DATE: October 25, 2001

On October 18, 2001, Atmos Energy Corporation (Atmos or Company) of Franklin, Tennessee, filed a tariff sheet proposed to become effective November 1, 2001. On October 22, 2001, Atmos filed a substitute tariff sheet to reflect a recalculation of its Actual Cost Adjustment (ACA) factors and its Purchased Gas Adjustment (PGA) factors for all three Districts. The tariff sheets were filed to reflect scheduled changes in Atmos's PGA factors as the result of changes in the estimated cost of natural gas for the upcoming winter season. Additionally, this tariff filing reflects changes in the Actual Cost Adjustment (ACA), Transition Cost (TC), and Refund Factors.

For Atmos's Butler District, the effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.25183 per Ccf from an unscheduled summer season firm PGA factor of \$0.67077 per Ccf. The effect of the proposed rate on a typical residential heating customer for the winter season is a decrease of approximately \$372 or 47% when compared to the rates currently in effect.

For Atmos's Kirksville District, the effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.33272 per Ccf from an unscheduled summer season firm PGA factor of \$0.78998 per Ccf. The effect of the proposed rate on a typical residential heating customer for the winter season is a decrease of approximately \$406 or 51% when compared to the rates currently in effect.

For Atmos's Southeast Missouri (SEMO) District, the effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.43643 per Ccf from an unscheduled summer season firm PGA factor of \$0.79986 per Ccf. The effect of the proposed rate on a typical residential heating customer for

the winter season is a decrease of approximately \$323 or 38% when compared to the rates currently in effect.

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.

Due to the short time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before June 1, 2002.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that it 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 following tariff sheet to become effective November 1, 2001, be approved, interim subject to refund:

P.S.C. MO. No. 6

24th Revised Sheet No. 16T, Cancelling 23rd Revised Sheet No. 16T.

Copies: Director - Utility Operations Division
Director - Research and Public Affairs Division
Director - Utility Services Division
General Counsel
Manager - Financial Analysis Department
Manager - Procurement Analysis Department
Manager - Gas Department
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

WINTER SEASON

Approximate Billing Impact Of 888 Ccf per Winter Season

Atmos Energy Corporation - Butler District

Residential Heating Customer

	Prior Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
*	November 2001	97	89.48
*	December	179	159.21
*	January 2002	236	207.67
*	February	217	191.52
*	March	159	142.20
	5 Month Winter Season Total	888.0	\$790.08

	Forecasted Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
#	November 2001	97	48.84
#	December	179	84.22
#	January 2002	236	108.80
#	February	217	100.61
#	March	159	75.59
	5 Month Winter Season Total	888.0	\$418.06

REMARKS

For a typical residential customer using approximately 888 Ccf's during the winter season (November - March), natural gas rates will decrease by \$372.02 or approximately 47% when comparing the fuel bills for the current PGA rates with the proposed PGA rate fuel bills for the forecasted winter season ending March 2002.

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- * (3) Tariff Sheet No. 12: Customer Charge = \$7.00; Delivery Charge = \$0.17954 per Ccf;
Tariff Sheet No. 16T: PGA Charge = \$.67077 per Ccf
- # -4 Tariff Sheet No. 12: Customer Charge = \$7.00; Delivery Charge = \$0.17954 per Ccf;
Tariff Sheet No. 16T: PGA Charge = \$.25183 per Ccf

Missouri Public Service Commission

November 2001

WINTER SEASON

Approximate Billing Impact Of 888 Ccf per Winter Season

Atmos Energy Corporation - Kirksville District

Residential Heating Customer

	Prior Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
*	November 2001	97	90.9
*	December	179	161.83
*	January 2002	236	211.14
*	February	217	194.7
*	March	159	144.53
	5 Month Winter Season Total	888.0	\$803.10

	Forecasted Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
#	November 2001	97	46.55
#	December	179	79.98
#	January 2002	236	103.22
#	February	217	95.48
#	March	159	71.83
	5 Month Winter Season Total	888.0	\$397.06

REMARKS

For a typical residential customer using approximately 888 Ccf's during the winter season (November - March), natural gas rates will decrease by \$406.04 or approximately 51% when comparing the fuel bills for the current PGA rate with the proposed PGA rate fuel bills for the forecasted winter season ending March 2002

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- * (3) Tariff Sheet No. 8: Customer Charge = \$7.00; Delivery Charge = \$0.07500 per Ccf;
Tariff Sheet No. 16T: PGA Charge = \$.78998 per Ccf
- # (4) Tariff Sheet No. 8: Customer Charge = \$7.00; Delivery Charge = \$0.07500 per Ccf;
Tariff Sheet No. 16T: PGA Charge = \$.33272 per Ccf

Missouri Public Service Commission

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WINTER SEASON

Approximate Billing Impact Of 888 Ccf per Winter Season
Atmos Energy Corporation - SEMO District
Residential Heating Customer

	Prior Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
*	November 2001	97	96.74
*	December	179	172.6
*	January 2002	236	225.34
*	February	217	207.76
*	March	159	154.1
	5 Month Winter Season Total	888.0	\$856.54

	Forecasted Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
#	November 2001	97	61.49
#	December	179	107.55
#	January 2002	236	139.57
#	February	217	128.89
#	March	159	96.31
	5 Month Winter Season Total	888.0	\$533.81

REMARKS

For a typical residential customer using approximately 888 Ccfs during the winter season (November - March), natural gas rates will decrease by \$322.73 or approximately 38% when comparing the fuel bills for the current PGA rate with the proposed PGA rate fuel bills for the forecasted winter season ending March 2002

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes.
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- * (3) Tariff Sheet No. 2: Customer Charge = \$7.00; Delivery Charge = \$0.12529 per Ccf;
Tariff Sheet No. 16T: PGA Charge = \$.79986 per Ccf
- # (4) Tariff Sheet No. 2: Customer Charge = \$7.00; Delivery Charge = \$0.12529 per Ccf;
Tariff Sheet No. 16T: PGA Charge = \$.43643 per Ccf

Missouri Public Service Commission

November 2001

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

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