

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: ATMOS ENERGY CORPORATION	DOCKET NO. WRU-01-51-222
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ORDER GRANTING WAIVER

(Issued December 10, 2001)

On October 22, 2001, Atmos Energy Corporation (Atmos) filed with the Utilities Board (Board) a request for waiver of Iowa Code §§ 476.76 and 476.77 (2001) and 199 IAC 32 with respect to the proposed purchase by Atmos of Mississippi Valley Gas Company, a Mississippi corporation engaged in the distribution of natural gas in Mississippi. Atmos states that it proposes to issue \$75 million in equity and \$75 million in short-term debt to finance the merger. The short-term debt will be refinanced with long-term debt within one year. Additionally, Atmos intends to assume up to \$55 million of Mississippi Valley Gas Company's debt.

Atmos is a Texas and Virginia corporation with its principal office in Dallas, Texas. Its business is primarily the local distribution and transportation of natural gas. Atmos serves approximately 4,750 customers in Iowa. Mississippi Valley Gas Company has no assets located in Iowa and is not subject to the jurisdiction of the Board. Atmos states that the acquisition will have no effect on Iowa ratepayers and no effect on the ability of Atmos to provide service in Iowa.

Iowa Code § 476.77 provides that the Board may adopt rules which exempt a public utility from the filing requirements of that section if the Board finds review is not

necessary in the public interest. The Board promulgated rules regarding reorganizations, including waivers or exemptions, in 199 IAC 32. The standards for review of a request for a waiver in § 476.77 indicate the important question is the effect of the acquisition or sale on the utility's ratepayers and the public interest. The Board stated when adopting an amendment to chapter 32, that waivers will be liberally granted where the proposed reorganization has minimal or no impact on Iowa ratepayers. "Order Adopting Rules," In re: Disposal of a Public Utility's Assets, Docket No. RMU-91-2 (April 24, 1992).

Because of the small amount of business Atmos does in Iowa, few of Atmos' assets are located in Iowa and subject to rate or service regulation by the Board. The purchase of Mississippi Valley Gas Company, which has no assets in Iowa, should have no detrimental effect on Atmos' Iowa customers or service.

To grant the waiver the Board must also find, based upon clear and convincing evidence, that the request meets the four criteria in 199 IAC 1.3. The four criteria are: 1) the application of the rule would cause undue hardship, 2) the waiver would not prejudice the substantial legal rights of any person, 3) the provisions of the rule are not specifically mandated by statute, and 4) substantially equal protection of public health, safety, and welfare will be afforded by a means other than prescribed by the rule.

The Board finds that a waiver of Iowa Code §§ 476.76 and 476.77 and 199 IAC 32 should be granted based on the Board's review of the information provided by Atmos in its pleading and the fact that Mississippi Valley Gas Company has no customers or assets in Iowa. The Board finds it would be an undue hardship for

Atmos to meet the filing requirements of 199 IAC 32 for this sale, since the sale will have minimal or no effect on Iowa ratepayers and review of the reorganization is not necessarily in the public interest.

The Board finds also that the waiver will not affect the substantial legal rights of any person and that Iowa Code § 476.77 specifically allows for the waiver of the Board's rules. Additionally, the Board finds that substantially equal protection of the public health, safety, and welfare will be afforded since none of the assets being transferred by the sale are in Iowa and the sale will not affect Iowa ratepayers.

IT IS THEREFORE ORDERED:

The waiver request filed by Atmos Energy Corporation on October 22, 2001, is granted. The application of Iowa Code §§ 476.76 and 476.77 (2001) and 199 IAC 32 to the purchase of Mississippi Valley Gas Company is waived.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper _____
Executive Secretary

Dated at Des Moines, Iowa, this 10th day of December, 2001.