

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: ATMOS ENERGY CORPORATION	DOCKET NO. WRU-07-11-222 (EEP-03-3)
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ORDER GRANTING WAIVER

(Issued May 14, 2007)

On April 18, 2007, Atmos Energy Corporation (Atmos) filed with the Utilities Board (Board) a request for waiver of 199 IAC 35.4, 35.6, 35.8, and 35.10, which provide that Atmos is to participate in a collaborative study with other rate-regulated utilities for the purpose of assessing the factors associated with the development, filing, and implementation of new energy efficiency plans. After participation in the collaborative study, the rules contemplate that Atmos would file a new energy efficiency plan in 2008. Atmos asks for a waiver of the rules so that it may extend its current approved energy efficiency plan, identified as Docket No. EEP-03-3. Counsel for the Board contacted counsel for the Consumer Advocate Division of the Department of Justice (Consumer Advocate). Consumer Advocate has no objection to granting Atmos' waiver request.

In support of its waiver request, Atmos said it serves approximately 4,000 retail natural gas customers in Iowa. Atmos argued that requiring it to participate in the collaborative study and subsequently file a new energy efficiency plan would create undue hardship for Atmos and its customers. Atmos said its customer base in

Iowa has been decreasing, meaning there are fewer customers to support energy efficiency program costs. Atmos noted other economic indicators showed little or no growth in its service area: unemployment in its service area is 7 percent, only eight new homes were built in its service area in 2006, and the median age of a home in Keokuk (the largest city Atmos serves) is 59 years old.

Atmos said the waiver would not prejudice the substantial legal rights of any person and that the statewide program assessment is not mandated by statute. Atmos will continue its current programs so that its customers will continue to receive the benefits of current energy efficiency programs without the burden of additional costs. In addition, in lieu of a new formal plan proposal, Atmos said it will file a brief assessment of current plan performance, which will include plan performance, future expectations, and any planned changes to the implementation of the plan's programs.

The Board will grant the waiver. The standards for a waiver contained in 199 IAC 1.3 have been met and Atmos will not be required to participate in the statewide assessment or file a new energy efficiency plan. Atmos' Iowa customer base is relatively small and the costs of joining the statewide program assessment (which are subject to energy efficiency cost recovery) would be disproportionately burdensome to Atmos and its customers. Continuation of Atmos' current energy efficiency plan and the assessment of current plan performance (which might result in changes to the energy efficiency plan) should be a reasonable, cost-effective substitute to

participation in the statewide program assessment, allowing Atmos customers to participate in and receive the benefits of current energy efficiency programs without the burden of significant additional costs. However, the Board expects that Atmos' assessment of its current programs will adequately address potential energy efficiency opportunities for all customers. In particular, Atmos should assess and consider appropriate spending levels for low-income energy efficiency programs. Expansion of low-income energy efficiency programs could produce significant benefits given the age of the housing stock in Keokuk, the largest part of Atmos' service territory.

IT IS THEREFORE ORDERED:

The request for waiver filed by Atmos Energy Corporation on April 18, 2007, is granted.

UTILITIES BOARD

/s/ John R. Norris

/s/ Curtis W. Stamp

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Krista K. Tanner

Dated at Des Moines, Iowa, this 14th day of May, 2007.