

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: ATMOS ENERGY CORPORATION	DOCKET NOS. WRU-07-31-222 PGA-07-45
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**ORDER GRANTING WAIVER AND APPROVING ANNUAL PURCHASED GAS
ADJUSTMENT RECONCILIATION FILING**

(Issued December 28, 2007)

PROCEDURAL HISTORY

On October 2, 2007, Atmos Energy Corporation (Atmos) filed with the Utilities Board (Board) its annual reconciliation of gas costs for the 12-month period ending August 31, 2007, in accordance with 199 IAC 19.10(7). The annual reconciliation showed that Atmos overcollected \$140,295.53 from firm and interruptible customer classes, which is 3.98 percent of Atmos' actual cost of purchased gas for the period. The annual reconciliation filing was identified as Docket No. PGA-07-45.

On October 5, 2007, Atmos filed a request for waiver of 199 IAC 19.10(7), which requires Atmos to refund an overcollection by bill credit or check if the net overbilling is in excess of 3 percent. Atmos is requesting that it be allowed to refund the overcollection in the annual reconciliation through the purchased gas adjustment (PGA) factor rather than by bill credit or check. The waiver request was identified as Docket No. WRU-07-31-222.

On October 31, 2007, the Board issued an order docketing the annual reconciliation filing pending the Board's decision concerning the waiver request. The Board will address both dockets in this order.

WAIVER REQUEST

Subrule 199 IAC 1.3 establishes four criteria that must be met by clear and convincing evidence for the Board to grant a waiver. The criteria are: (1) the application of the rule would pose an undue hardship on the person for whom the waiver is requested, (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 or another provision of law, and (4) substantially equal protection of public health, safety, and welfare will be afforded by means other than that prescribed in the rule.

The Board has reviewed the waiver request and finds that it would be an undue hardship for Atmos to be required to issue a bill credit or check for the overcollection from the annual reconciliation. The cost of processing a bill credit or check for each customer in a one month time period would be significant since Atmos would be required to perform most of the processing manually at both the corporate and local level. Atmos has only a small number of customers in Iowa and the total amount of the refund does not justify the expense of issuing the bill credit or check.

The Board finds the waiver request will not prejudice the substantial legal rights of any person. Each customer is entitled to a refund based upon the overcollection, but the method of refund is subject to Board rules. The refund will be

made through the monthly PGA rather than a one-time credit or check. The manner of refund is not specifically mandated by statute or other provision of law and substantially equal protection of public health, safety, and welfare will be afforded through the utilization of the monthly PGA to refund the overcollection.

Atmos has met the four criteria for a waiver and the Board will grant the waiver request. Atmos will be allowed to return the overcollection as reflected in the annual purchased gas reconciliation filing for the period ending August 31, 2007, through the monthly PGA factor beginning in January 2008.

RECONCILIATION FILING

The Board docketed the annual reconciliation filing pending the decision concerning the waiver request discussed above. Since the Board will grant the waiver request, it will also approve the annual reconciliation filing. The total overcollection to be returned to customers is as follows:

<u>Undercollection (Overcollection)</u>	<u>Customer Class</u>	<u>\$/Therm</u>
Firm	(\$136,804)	(\$.03937)
Interruptible	(\$3,492)	(\$.01727)

For the past several years, Atmos has experienced significantly higher overcollections of gas costs from customers in Iowa than are reflected in the annual reconciliation for the period ending August 31, 2007. Atmos has made improvements in its PGA procedures in an attempt to better balance its gas costs and revenues. The current annual reconciliation filing shows these improvements are having a

positive effect on Atmos' PGA process. The Board recognizes that keeping gas costs and revenues in balance is challenging for Atmos because of the relatively small number of customers served in Iowa, so these improvements are encouraging.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The waiver request filed by Atmos Energy Corporation on October 5, 2007, is granted.
2. The annual purchased gas reconciliation filing made by Atmos Energy Corporation on October 2, 2007, is approved, subject to complaint and investigation.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 28th day of December, 2007.