

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

MAY 08 2003

*Susan Talbot* Docket Room

In The Matter of The Application of Atmos )  
Energy for an Order to Permit the Company )  
Establish Rates For a Weather Normalization )  
Adjustment.

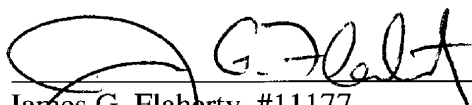
Docket No. 03-ATMG-539-TAR

**JOINT MOTION FOR AN ORDER APPROVING STIPULATION AND AGREEMENT**

COMES NOW Atmos Energy (Atmos) and the Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission”, respectively), collectively referred to herein as “Joint Movants”, and move the Commission for an Order approving the attached Stipulation and Agreement described below. In support of their request, Joint Movants state as follows:

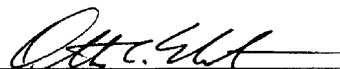
1. Atmos is a jurisdictional public utility as defined by K.S.A. 66-104 and is providing natural gas utility service in Kansas pursuant to grants of authority from the Commission.
2. On January 3, 2003, Atmos filed its Application with the Commission seeking an Order permitting it to establish rates for a Weather Normalization Adjustment (WNA) beginning with the 2003-2004 heating season.
3. On January 14, 2003, the Commission issued a Suspension Order pending a full investigation of the Application.
4. On January 21, 2003, Citizens’ Utility Ratepayer Board (CURB) filed a petition to intervene in this matter and on February 4, 2003, the Commission granted CURB’s intervention.
5. Pursuant to negotiations between Atmos and Staff, the two parties executed a Stipulation and Agreement dated May 8<sup>th</sup>, 2003 (Stipulation and Agreement), the terms of which modify the WNA proposed by Atmos in its Application. The Stipulation and Agreement is attached hereto as Attachment A. CURB does not join in the Stipulation and Agreement or the Joint Motion, but does not oppose the Joint Motion.

WHEREFORE, Atmos and Staff request the Commission issue its Order granting Joint Movant's motion approving the proposed Stipulation and Agreement; approving the Weather Normalization Adjustment for Atmos beginning with the 2003-2004 heating season, as conditioned by the Stipulation and Agreement; and grant such other relief as the Commission may deem appropriate.



---

James G. Flaherty, #11177  
**ANDERSON, BYRD, RICHESON,  
FLAHERTY & HENRICHS, LLP**  
216 S. Hickory, P. O. Box 17  
Ottawa, Kansas 66067  
(785) 242-1234  
Attorneys for Atmos Energy



---

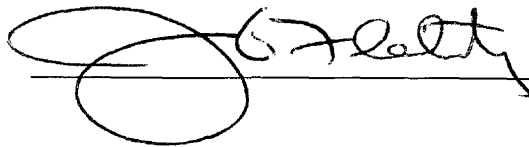
Otto A. Newton, #8760  
Assistant General Counsel  
Kansas Corporation Commission  
1500 S. W. Arrowhead Road  
Topeka, Kansas 66604-4027  
(785) 271-3157  
Attorney for the Kansas Corporation Commission  
Staff

**VERIFICATION**

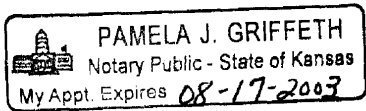
STATE OF KANSAS                    )  
  ) ss:  
COUNTY OF FRANKLIN            )

James G. Flaherty, of lawful age, being first duly sworn on oath, states:

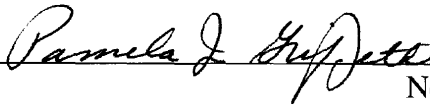
That he is the attorney for Atmos Energy named in the foregoing Joint Motion, and is duly authorized to make this affidavit; that he has read the foregoing Joint Motion, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_

**SUBSCRIBED AND SWORN** to before me this 8<sup>th</sup> day of May, 2003.



My Commission Expires:

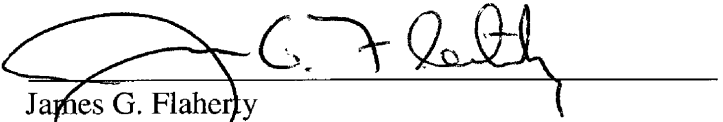
  
\_\_\_\_\_ Notary Public

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above and foregoing was hand delivered this 8<sup>th</sup> day of May, 2003, to:

Otto A. Newton  
Assistant General Counsel  
Kansas Corporation Commission  
1500 S. W. Arrowhead Road  
Topeka, Kansas 66604-4027

David R. Springe  
Niki Christopher  
Consumer Counsel  
Citizens' Utility Ratepayer Board  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604-4027

  
James G. Flaherty

**ATTACHMENT A**

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In The Matter of The Application of Atmos )  
Energy for an Order to Permit the Company ) Docket No. 03-ATMG-539-TAR  
Establish Rates For a Weather Normalization )  
Adjustment.

**STIPULATION AND AGREEMENT**

COMES NOW Atmos Energy (Atmos) and the Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission”, respectively) and stipulate and agree as follows:

1. Atmos is a jurisdictional public utility as defined by K.S.A. 66-104 and is providing natural gas utility service in Kansas pursuant to grants of authority from the Commission.

2. On January 3, 2003, Atmos filed its Application with the Commission seeking an Order permitting it to establish rates for a Weather Normalization Adjustment (WNA) beginning with the 2003-2004 heating season.

3. During the course of the investigation of the WNA, Staff requested various data and work papers and Atmos promptly responded to each request. Staff and representatives of Atmos also engaged in several discussions in furtherance of Staff's review and investigation of the Application. Staff and CURB have reviewed and investigated the Application and the proposed transaction as described in the Application and the supporting pre-filed testimony and exhibits. In the course of Staff's investigation of the Application and Staff's further discussions with Applicant, Staff suggested that certain modifications should be made to Atmos' proposed WNA and Atmos

has agreed to those modifications. Those modifications are set forth below in Paragraph 4 of this Agreement and have been included in the WNA tariff attached hereto as Exhibit A and incorporated herein by reference.

### TERMS OF AGREEMENT

4. Atmos and Staff stipulate and agree as follows:

A. Atmos WNA Rate Schedule

If the Commission approves the instant Stipulation and Agreement, then the Commission would effectively approve Atmos' proposed WNA rate schedule as attached hereto as Exhibit A, which has incorporated WNA modifications developed by Staff. The Staff's modifications are set forth in paragraph 4C herein. The WNA rate schedule shall become effective with sales service rendered on and after October 1, 2003, as provided in the Application.

B. Customer Education Materials

Atmos agrees to work closely with the Commission's Public Affairs and Consumer Protection Division in developing and implementing its WNA consumer education materials, and will provide copies of any and all such customer education materials to that Division for review and comment, prior to its use.

C. Modifications Developed by Staff

Staff agrees that Atmos' proposed weather station selections are reasonable. Therefore, Atmos will use the five weather stations identified in its pre-filed testimony. However, the data obtained from three (3) of those stations shall be modified as follows:

(1) Atmos shall adjust the heating degree days billed to reflect a two (+2) degree increase in the average temperature for the weather reported each day at the Kansas City International Airport weather station;

(2) Atmos shall adjust the heating degree days billed to reflect a one (-1) degree decrease in the average temperature for the weather reported each day at the Dodge City, Kansas weather station;

(3) Atmos shall adjust the heating degree days billed to reflect a one (-1) degree decrease in the average temperature for the weather reported each day at the Salina, Kansas weather station.

No increase or decrease to degree days for billing shall be made to the weather reported at the Chanute, Kansas and Wichita, Kansas weather stations.

The above modifications, as well as, the corresponding modifications to the baseload/heat sensitive factors have been included in the WNA tariff, which has been attached hereto as Exhibit A and incorporated herein by reference. Atmos must file its WNA tariff with the Commission for approval within thirty (30) days of the date of the Order approving this Stipulation and Agreement.

D. WNA-Related Risk Adjustment to ROE in Future Rate Case

Atmos and Staff agree that inclusion of a WNA clause in a local distribution company's rate structure influences its weather-related risk and, therefore, the financial risk of the utility. Staff specifically reserves its respective right to take the position in Atmos' future rate cases that any reduced risk associated with the implementation of the WNA should be considered in the determination of the utility's return on equity (ROE) and that it could be appropriate for the Commission to approve a lower ROE to reflect this reduction in weather-related risk in the context of a rate case. Atmos specifically reserves its right when determining the appropriate ROE in future rate cases to consider the experience of other local distribution utilities that may or may not have WNAs in their rate structures and to take the position that the Commission would be justified in making no change to the Company's ROE as a result of having a WNA clause in its rate structure.

5. This Stipulation and Agreement fully resolves issues specifically addressed in this document between the signatories. The terms of this Stipulation and Agreement constitute a reasonable resolution of the issues addressed herein.

6. The terms and provisions of this Stipulation and Agreement have resulted from negotiations between the signatories and are interdependent. In the event the Commission does not approve and adopt the terms of this Stipulation and Agreement in total, any party to this agreement has the option to terminate this Stipulation and Agreement and, if so terminated, none of the signatories hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof, unless otherwise provided herein.

7. It is the signatories' intent to incorporate into the record the pre-filed testimony and exhibits filed with the Application in support of this Stipulation and Agreement. Staff agrees to waive cross examination on said testimony and exhibits. Staff shall have the right to submit a Memo to the Commission outlining its support for the Stipulation and Agreement and said Memo shall be incorporated into the record without objection in support of the Stipulation and Agreement.

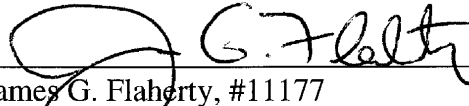
8. Unless (and only to the extent) otherwise specified in this Stipulation and Agreement, the signatories to this Stipulation and Agreement shall not be prejudiced, bound, or affected in any way by the terms of this Stipulation and Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending under a separate docket; and/or (3) in this proceeding, if the Commission decides not to approve this Stipulation and Agreement in total or in any way conditions its approval of the same. The Commission's approval of this Stipulation and Agreement shall not create any precedent applicable in any other proceeding.

9. This Stipulation and Agreement does not prejudice or waive any party's rights, positions, claims, assertions or arguments in any proceeding in this docket, or any other proceedings before this Commission or in any court.

10. If the Commission accepts this Stipulation and Agreement in its entirety and incorporates the same into its final order in this docket, the signatories intend to be bound by its terms and the Commission's Order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's Order on those issues.

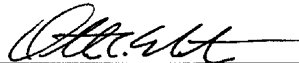


AGREED AND ACCEPTED this 8<sup>th</sup> day of May, 2003 by:



---

James G. Flaherty, #11177  
**ANDERSON, BYRD, RICHESON,  
FLAHERTY & HENRICHS, LLP**  
216 S. Hickory, P. O. Box 17  
Ottawa, Kansas 66067  
(785) 242-1234  
Attorneys for Atmos Energy



---

Otto A. Newton, #8760  
Assistant General Counsel  
Kansas Corporation Commission  
1500 S. W. Arrowhead Road  
Topeka, Kansas 66604-4027  
(785) 271-3157  
Attorney for the Kansas Corporation Commission  
Staff

Form RF

Index No.

THE STATE CORPORATION COMMISSION OF KANSAS SCHEDULE VI: Weather Normalization Adjustment (WNA)

ATMOS ENERGY CORPORATION  
(Name of Issuing Utility)

ENTIRE SERVICE AREA  
(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 4 Sheets

SCHEDULE VI - WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER

Provisions for Adjustment

The base rate per Ccf (100,000 Btu) for gas service set forth in any Rate Schedules utilized by the State Corporation Commission of Kansas in determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential, commercial and public authority bills based on meters read during the revenue months of October through May.

Definitions

For purpose of this Rider:

"Commission" means the State Corporation Commission of Kansas.

"Relevant Rate Order" means the most recent final order of the Commission specifically prescribing or fixing certain factors to be used in the application of this Rider.

Commission File Number

Issued December 2002  
Month Day Year

FILED

Effective upon approval by the Commission  
Month Day Year

THE STATE CORPORATION COMMISSION OF KANSAS

By VP-Rates & Reg Affairs  
Signature of Officer Title

By Secretary

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE VI: Weather Normalization Adjustment (WNA)

ATMOS ENERGY CORPORATION  
(Name of Issuing Utility)

ENTIRE SERVICE AREA  
(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 2 of 4 Sheets

WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER (Continued)

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \quad (NDD-ADD) \quad )}{(BL_i \quad + \quad (HSF_i \times ADD))}$$

Where

i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification

WNAF<sub>i</sub> = Weather Normalization Adjustment Factor for the i<sup>th</sup> rate schedule or classification expressed in cents per Ccf

R<sub>i</sub> = base rate of temperature sensitive sales for the i<sup>th</sup> schedule or classification utilized by the Commission in the Relevant Rate Order.

Commission File Number

Issued December 2002  
Month Day Year

FILED \_\_\_\_\_

Effective upon approval by the Commission  
Month Day Year

THE STATE CORPORATION COMMISSION OF KANSAS

By \_\_\_\_\_ VP-Rates & Reg Affairs  
Signature of Officer Title

By \_\_\_\_\_  
Secretary

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE VI: Weather Normalization Adjustment (WNA)

ATMOS ENERGY CORPORATION  
(Name of Issuing Utility)

ENTIRE SERVICE AREA  
(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 3 of 4 Sheets

WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER (Continued)

- HSF<sub>i</sub> = heat sensitive factor for the i<sup>th</sup> schedule or classification
- NDD = billing cycle normal heating degree days
- ADD = billing cycle actual heating degree days
- Bl<sub>i</sub> = base load sales for the i<sup>th</sup> schedule or classification

The Weather Normalization Adjustment for the j<sup>th</sup> customer in i<sup>th</sup> rate schedule is computed as:

$$WNA_{ij} = WNAF_i \times q_{ij}$$

Where q<sub>ij</sub> is the relevant sales quantity for the j<sup>th</sup> customer in i<sup>th</sup> rate schedule.

Filing with Commission

The Company will file as directed by the Commission (a) a copy of each computation of the Weather Normalization Adjustment Factor, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

Commission File Number

Issued December 2002  
Month Day Year

FILED \_\_\_\_\_

Effective upon approval by the Commission  
Month Day Year

THE STATE CORPORATION COMMISSION  
OF KANSAS

By \_\_\_\_\_ VP-Rates & Reg Affairs  
Signature of Officer Title

By \_\_\_\_\_  
Secretary

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE VI: Weather Normalization Adjustment (WNA)

ATMOS ENERGY CORPORATION  
(Name of Issuing Utility)

ENTIRE SERVICE AREA  
(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 4 of 4 Sheets

WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER (Continued)

Base Use/Heat Use Factors

<u>Weather Station</u>	<u>Residential</u>		<u>Commercial</u>		<u>Public Authority</u>	
	<u>Base use Ccf</u>	<u>Heat use Ccf/HDD</u>	<u>Base use Ccf</u>	<u>Heat use Ccf/HDD</u>	<u>Base use Ccf</u>	<u>Heat Use Ccf/HDD</u>
Chanute	10.0126	.1552	37.1183	.4542	41.7489	.8088
Dodge City	16.9247	.1462	60.3576	.7436	176.6647	1.0366
Kansas City, MO	14.0606	.1761	72.9711	.7405	34.6117	1.7776
Salina	9.4883	.1382	58.1749	.3530	66.0361	1.0140
Wichita	11.2980	.1468	22.8890	.3459	28.6544	1.1365

Commission File Number

Issued December 2002  
Month Day Year

FILED \_\_\_\_\_

Effective upon approval by the Commission  
Month Day Year

THE STATE CORPORATION COMMISSION OF KANSAS

By \_\_\_\_\_ VP-Rates & Reg Affairs  
Signature of Officer Title

By \_\_\_\_\_ Secretary