

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

Before Commissioners: Brian J. Moline, Chair
 Robert E. Krehbiel
 Michael C. Moffet

In the Matter of the Application of Atmos Energy)
for Approval of an Accounting Order to Permit)
Atmos Energy to Recover Amounts Necessary to)
Expend in Order to Establish and Maintain a Gas)
Ceiling Price for all of the 2005-2006 Heating)
Season and for a Portion of the Budgeted Winter)
Volumes for the 2006-2007 Heating Season; and)
for Approval to Continue with its Use of its "Gas)
Hedge Program" Tariff.)

Docket No. 05-ATMG-617-HED

**ORDER GRANTING MOTION AND MODIFYING
TERMS OF STIPULATION AND AGREEMENT**

NOW the above-captioned matter comes before The State Corporation Commission of the State of Kansas ("Commission") on the Motion to Modify One of the Terms Contained in the Stipulation and Agreement (Motion) filed by Atmos Energy (Atmos). Having examined its files and records and being duly advised in the premises, the Commission finds and concludes as follows:

I. BACKGROUND

1. On January 28, 2005, Atmos filed its Application in this docket seeking approval of an accounting order permitting Atmos to recover such amounts as may be necessary to expend in order to establish and maintain a gas ceiling price for all of the 2005-2006 heating season and a portion of the budgeted winter volumes for the 2006-2007 heating season under the Gas Hedge Program and for approval to continue with its "Gas Hedge Program" tariff.

2. On January 31, 2005, Citizens' Utility Ratepayer Board (CURB) filed a Petition to Intervene in this matter and on February 2, 2005, the Commission entered its Order granting CURB's

intervention.

3. On May 9, 2005, pursuant to negotiations among Atmos, Staff and CURB, the parties executed a proposed Stipulation and Agreement and filed their joint motion requesting Commission approval.

4. On May 10, 2005, the Commission issued an order granting the joint motion and approving the Stipulation and Agreement.

5. On December 20, 2006, Atmos filed its Motion seeking modification of one of the terms of the Stipulation and Agreement wherein Atmos agreed to show the PGA pass-through as a separate line item on customer bills. Specifically, Atmos' request is in reference to the requirement contained in the last sentence in Paragraph 8.B. of the Stipulation and Agreement which reads: "The PGA pass-through will show as a line item on bills in a fashion similar to the recovery of program costs discussed in Paragraph E except that it will be in the months of November through March." Atmos' requested modification seeks elimination of the separate line item requirement of Paragraph 8.B. of the Stipulation and Agreement relating to settlement amounts of the financial derivatives and proposes incorporating those amounts in the PGA line item on customer bills consistent with the treatment of line items included on the customer bills of other Kansas gas public utilities.

6. On January 4, 2007, Staff filed a Response expressing no objection to Atmos' Motion, however, rather than eliminate the last sentence of Paragraph 8.B. of the Stipulation and Agreement as requested by Atmos, Staff suggests the sentence be revised to read: "For the winter months November through March inclusive, Atmos shall have the option to list the PGA pass-through amount attributable to its Hedge Program as a separate line item on monthly customer bills." Staff reasons that this revision will afford Atmos the option, if the company so chooses, to list the monthly Hedge

Program payoffs (on an MMBtu basis) as a separate line item. Staff Response at ¶6. According to Staff, this suggested revision is consistent with a similar provision included in the most recently approved Hedge Program for Kansas Gas Service Company in Docket No. 05-KGSG-580-HED. Staff Response at ¶6.

II. DISCUSSION

7. Under the terms and conditions of the Stipulation and Agreement, Atmos agreed to show the Hedge Program charge as a separate line item on customers' bills during the months April through October. Stipulation and Agreement at ¶8.E. This is consistent with the approved practice of other Kansas gas public utilities and Atmos does not seek modification of this requirement. Motion at ¶5. However, unlike other natural gas public utilities under the Commission's jurisdiction, Atmos, pursuant to Paragraph 8.B. of the Stipulation and Agreement, is required to include an additional line item on its customer bills separate from the PGA factor. This separate line item shows the amount of all pay-offs, positive or negative, associated with the settlement of financial derivatives acquired through the Hedge Program that are passed through to Atmos' PGA customers. According to Atmos, elimination of this additional line item will avoid confusion among its customers. As a means of eliminating this customer confusion, Atmos requests that the requirements of the Stipulation and Agreement be modified eliminating the additional line item relating to settlement amounts of the financial derivatives and that those amounts be incorporated in the PGA line item on the customer's bill consistent with the way those amounts are shown on the bills of other Kansas gas public utilities. Motion at ¶s 5 through 7. Staff's suggested revision to Paragraph 8.B. of the Stipulation and Agreement as set forth in paragraph 6 above would not eliminate the last sentence of the paragraph as requested by Atmos, but simply revise the sentence affording Atmos the option to list the monthly

Hedge Program payoffs as a separate line item if the company so chooses.

III. FINDINGS AND CONCLUSIONS

8. The Commission having given due consideration to Atmos' Motion filed herein, as well as Staff's suggested revision of the last sentence of Paragraph 8.B. of the Stipulation and Agreement as set forth in paragraph 6 above, finds that Atmos' Motion should be granted, as modified by Staff's suggested change. Revising the last sentence of Paragraph 8.B. of the Stipulation and Agreement in accordance with Staff's suggestion will achieve conformity of the line items on Atmos' customer bills with the provision included in the most recently approved Hedge Program for Kansas Gas Service Company and assist in minimizing confusion among Atmos' customers. The Commission therefore concludes that the last sentence of Paragraph 8.B. of the Stipulation and Agreement should be revised to read: "For the winter months November through March inclusive, Atmos shall have the option to list the PGA pass-through amount attributable to its Hedge Program as a separate line item on monthly customer bills."

9. The Commission notes that there is no opposition to either Atmos' Motion or revision of the relief requested therein to include Staff's suggested change to the last sentence of Paragraph 8.B. of the Stipulation and Agreement.

10. For the foregoing reasons, the Commission finds that the requested modification to the Stipulation and Agreement is reasonable, in the public interest, and should be approved.

IT IS THEREFORE BY THE COMMISSION ORDERED THAT:

(A) Atmos' Motion is hereby granted, as modified by Staff's suggested revision to Paragraph 8.B. of the Stipulation and Agreement. The last sentence of Paragraph 8.B. of the Stipulation and Agreement is hereby changed to read as follows: "For the winter months November

through March inclusive, Atmos shall have the option to list the PGA pass-through amount attributable to its Hedge Program as a separate line item on monthly customer bills.” All other terms and provisions of the Stipulation and Agreement shall remain in full force and effect as originally presented and approved by the Commission.

(B) The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders, as it may deem necessary and proper.

(C) A party may file a petition for reconsideration of this Order within fifteen (15) days from the date of service of this Order. If service is by mail, service is complete upon mailing, and three (3) days shall be added to the above time frame.

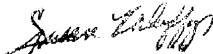
BY THE COMMISSION IT IS SO ORDERED

Moline, Chr.; Krehbiel, Com.; Moffet, Com.

Dated: JAN 09 2007.

ORDER MAILED

JAN 09 2007

 Executive Director

Susan K. Duffy
Executive Director

oan