

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**January 6, 2011**

**IN RE:**

**ATMOS ENERGY CORPORATION REQUEST FOR  
APPROVAL OF A MODIFIED TARIFF RIDER FOR  
ENVIRONMENTAL COST RECOVERY**

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**DOCKET NO.  
10-00199**

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**ORDER APPROVING PROPOSED TARIFF**

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This matter came before Director Eddie Roberson, Director Kenneth C. Hill and Director Sara Kyle of the Tennessee Regulatory Authority ("TRA" or the "Authority"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on December 13, 2010 for consideration of the *Motion to Approve Revised Environmental Cost Recovery Tariff* ("Motion") filed on October 18, 2010 by Atmos Energy Corporation ("Atmos" or "Company").

**BACKGROUND**

Subsequent to Atmos's filing of its *Motion*, a *Petition to Intervene* was filed by the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate") on October 28, 2010. A *Statement of the Consumer Advocate's Intent Not to Contest the Motion to Approve Revised Environmental Cost Recovery Tariff* was filed by the Consumer Advocate on November 17, 2010. During the Authority Conference held on November 22, 2010, the panel voted unanimously to suspend the proposed tariff for thirty days, from November 17, 2010 to December 17, 2010, and to set the *Motion* for consideration at the

December 13, 2010 Authority Conference. Further, the panel voted to empower the General Counsel to rule on any intervention requests.

### **THE MOTION**

Atmos filed this *Motion* pursuant to the *Order Approving Settlement* (“*Settlement Order*”) issued on December 10, 2007 in Docket No. 07-00081.<sup>1</sup> In the *Settlement Order*, the Authority approved the Company’s Environmental Cost Recovery Rider Tariff (“ECRR”). According to the *Motion*, the *Settlement Order* contemplated future revision of the ECRR after the Johnson City environmental remediation was completed. \$350,000 of the ECRR costs were estimated because the Johnson City clean-up had not yet been completed at the time of the resolution of Docket No. 07-00081. Further, beginning forty-eight months after implementation of the ECRR, Atmos was directed to impose a balancing adjustment to bring actual recovery into line with authorized recovery. Atmos was directed to file a Revised Tariff with supporting documentation showing the balancing adjustment calculation.

According to the *Motion*, the Johnson City site clean-up is now complete. Actual costs for the clean-up were \$677,551.93.<sup>2</sup> The Company stated that various factors caused actual costs to exceed estimated costs, including: (1) additional engineering and oversight costs related to the discovery of coal tar vaults on the Johnson City site, (2) design changes mandated by Johnson City, (3) unanticipated sidewalk work required by Johnson City, (4) underestimated amount of concrete and asphalt to be removed, (5) contractor delays due to excessive rain, (6) coal tar and waste handling and disposal along with electrical work from the construction company, and (7) additional State oversight costs.<sup>3</sup>

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<sup>1</sup> See *In re: Petition of Atmos Energy Corporation for Approval of Tariff Establishing Environmental Cost Recovery Rider*, Docket No. 07-00081.

<sup>2</sup> Gregory K. Waller, Pre-Filed Direct Testimony, p. 4 (October 18, 2010).

<sup>3</sup> *Id.* at 4-5.

The Company stated that they have not received any reimbursement from government funds, insurance companies, or third parties.<sup>4</sup> The Company has recovered from its customers \$1,189,617.83 through September 30, 2010. The remaining costs the company seeks to recover are \$787,934.10.<sup>5</sup>

Under the *Settlement Order*, the Company would recover any incremental costs related to the Johnson City cleanup over the remaining life of the ECRR Tariff. Recovering the balance of cleanup costs (including the additional Johnson City costs) over the remaining thirteen months of the recovery period results in an increase of the recovery factor from the current \$0.0021 per CCF to \$0.0038 per CCF.<sup>6</sup> Instead of implementing such a large increase, the Company proposes to extend the recovery period by one year and recover the remaining balance through October 31, 2012. This would lessen the impact on customers. The resulting recovery factor under this scenario would decrease from the current \$0.0021 per CCF to \$0.0020 per CCF. The Company does not propose to recover any of the carrying costs associated with the extension of the recovery period.<sup>7</sup>

#### **FINDINGS AND CONCLUSIONS**

Based upon the documentation submitted by the Company, the panel found that the recovery of the additional cost is fair and reasonable and that the Company's proposal to extend the recovery period by one year will help to mitigate rate shock to the customers. Therefore, the panel voted unanimously to approve the proposed tariff and to allow the remaining cost to be recovered through October 31, 2012 as proposed by the Company.

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<sup>4</sup> *Id.* at 5.

<sup>5</sup> *Id.* at 6.

<sup>6</sup> *Id.* at Exhibit 4.


<sup>7</sup> *Id.* at 6-7.

**IT IS THEREFORE ORDERED THAT:**

1. Atmos Energy Corporation's *Motion to Approve Revised Environmental Cost Recovery Tariff* is approved.
2. The Company is directed to file a tariff consistent with the panel's decision set out herein.

  
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Eddie Roberson, Director

  
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Kenneth C. Hill, Director

  
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Sara Kyle, Director