

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Atmos Energy)	
Corporation's Tariff Revision Designed to)	
Consolidate Rates and Implement a)	
General Rate Increase for Natural Gas)	Case No. GR-2006-0387
Service in the Missouri Service Area of)	
the Company.)	

STAFF MEMORANDUM IN SUPPORT OF

PARTIAL NON-UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission (Staff), and, in accordance with Section IX, paragraph F, of the Partial Non-Unanimous Stipulation And Agreement filed by the parties on November 29, 2006, (hereinafter referred to as the “Stipulation”), provides its Memorandum in Support of the Stipulation of the issues resolved by the parties to this case:

I. Billing Determinants

The agreed to billing determinants are based on a normalized, annualized level of customers, usage and revenues. These determinants reflect the revenues that are generated by the current rates and the current customers and usage levels. Therefore these determinants provide an appropriate basis for the determination of rates for this case.

II. Other Post-Retirement Benefits (OPEB) Contribution

Atmos has made a catch-up contribution of \$1,275,000, which represents the portion of historical, other post-retirement employee benefits (OPEBs) cost as determined by FAS 106 for Missouri operations. In addition, Atmos has agreed to fund the OPEB cost of Missouri's

operations on an ongoing basis in the future. This agreement is consistent with the treatment at other Missouri utilities and is also consistent with the Missouri statute regarding funding and recovery in rates of OPEB costs.

III. Class Share of Revenue by District / Class Cost of Service

With an overall zero revenue increase in this case, no change in the revenue responsibility of each class is the appropriate position to take in this case. The parties have agreed that the revenue responsibility of each class should not change regardless of the outcome of the Commission's decision relating to revenue requirement. This agreement is consistent with the Commission treatment of other Missouri utilities relating to this issue.

IV. Customer Service Requirements and Reporting

The Staff filed in direct testimony, rebuttal testimony, and in a supplemental report to the Commission, the concerns it identified with Atmos' call center performance. Specifically, two matters were addressed in the staff's three filings: the Company's past history of not meeting the performance measures established in GM-2000-312, (the Atmos merger with Associated Natural Gas Company), and concerns regarding the Company's budget billing program.

The present Stipulation requires the monthly reporting by Atmos of all data the Company presently reports to the Staff and the Office of the Public Counsel on a quarterly basis. This more timely reporting will enable the staff to monitor the Company's call center performance more closely, and will permit the Staff and the Office of the Public Counsel to take action on a more expedient basis should it observe future performance declines.

Further, Atmos agrees to formalize its disaster recovery plan, which includes Company plans to handle customer calls during disasters. The Company previously informed the Staff that

hurricanes Katrina and Rita had been partly responsible for the decline in its call center performance as these hurricanes impacted the operations of its Metairie, Louisiana call center.

In the Stipulation, the Company has also committed to inform the Staff and OPC of its plans to improve call center performance and to inform both Staff and OPC of any future operational changes involving the answering of Atmos' Missouri customer calls by the Company's Waco Call Center. When Atmos purchased TXU, the Waco Call Center served TXU customers, and, at that time, it had been identified with performance concerns.

Finally, the Stipulation includes a commitment by Atmos to improve call center training with respect to the Company's budget bill program which is offered to its Missouri customers. Commission complaints and comments received at local public hearings during the Company's rate case revealed a lack of customer and call center knowledge of how Atmos' budget bills are calculated and what customers must do to stay on the Company's budget billing program. The Stipulation also requires Atmos to prepare and mail budget billing informational material to all Missouri customers who request to participate in the Company's budget billing program.

V. PGA Minimum Filing Requirement

Atmos agrees to provide PGA minimum filing requirements concurrently with its annual Actual Cost Adjustment (ACA) filing. This will provide timely support for the gas supply activity for each ACA reviewed.

VI. Depreciation Record Keeping and Reporting

The near term continued use of the currently ordered depreciation rates for all plant serving Missouri operations will allow both the Company and rate payers consistent return of the plant in service investment. Atmos efforts to comply with the Commission rules will allow the

Company to develop records that facilitate the determination of depreciation rates that allow for accurate and timely recovery of its investment.

VII. Gas Loss Reporting

Atmos agrees to use 2% for its loss and unaccounted for (L&U) gas factor until it determines its actual L&U factor. When Atmos determines its actual L&U factor, if the actual factor differs by more than 25% from the 2% factor, the Company will file a revised L&U factor with the Commission, reflecting the actual L&U. This will ensure the proper billing of both transportation and sales customers. After Atmos has experienced 24 months of accurate “real” readings (possibly 48 months from implementation), Atmos will revert to using the 24 month formula as tariffed today.

WHEREFORE, for the above stated reasons, the Staff respectfully requests the Commission issue an order in this case approving this Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 12th day of December 2006.

/s/ Robert S. Berlin