

FILED³

DEC 20 2006

Missouri Public
Service Commission

Exhibit No.:

Issue: Deprecation

Witness: Guy C. Gilbert,
M.S., P.E., R.G.

Sponsoring Party: MOPSC Staff

Type of Exhibit: Surrebuttal
Testimony

Case No.: GR-2006-0387

Date Testimony Prepared: November 13, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

GUY C. GILBERT, MS, PE, RG

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

Staff Exhibit No. 109
Case No(s). GR-2006-0387
Date 11-30-06 Rptr PF

Jefferson City, Missouri
November 2006

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

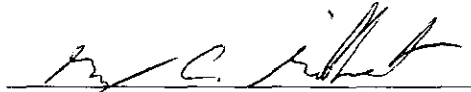
In the Matter of Atmos Energy Corporation's Tariff)
Revision Designed to Consolidate Rates and)
Implement a General Rate Increase for Natural Gas)
Service in the Missouri Service Area of the)
Company.

Case No. GR-2006-0387

AFFIDAVIT OF GUY C. GILBERT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Guy C. Gilbert, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

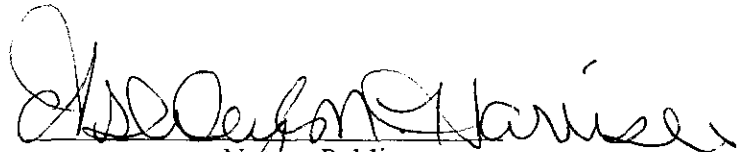


Guy C. Gilbert

Subscribed and sworn to before me this 13th day of November 2004.



ASHLEY M. HARRISON
My Commission Expires
August 31, 2010
Cole County
Commission #08896878



Notary Public

1 management recognizes that, as a whole, the annual depreciation accrual should be reduced
2 by approximately \$591,000. Under the depreciation principle that the stockholders are due a
3 return of their investment this negative amortization to the depreciation reserve accrual
4 recognizes that the stockholders investment is not being consumed at the rate currently
5 ordered depreciation rates would indicate. The reason as stated in Staff's direct testimony that
6 the depreciation rates by individual account have not been adjusted to reflect this reduced rate
7 of plant consumption, as represented by depreciation rates, is due to a lack of actuarial data to
8 develop an empirical representation by account of depreciation rates. Therefore as a surrogate
9 to adjusting the depreciation rates, Staff recommends the reduction should be facilitated by a
10 negative amortization to the depreciation reserve account in the amount of \$591,000 annually.

11 Furthermore as stated in my direct and rebuttal testimony it will be necessary for the
12 Company to convert, transfer and restate their continuing property records and actuarial data,
13 in order that, in the near term, the Staff and Company will be able to conduct a depreciation
14 study that will facilitate the development of life and net salvage parameters by which
15 appropriate depreciation rates may be determined and ordered by the Commission in lieu of
16 the amortization described above.

17 Q. Does Staff's recommendation result in a reversal or a taking away of amounts
18 currently accrued to the depreciation reserve?

19 A. No. Staff's recommendation would however result in a decrease of the net
20 accrual to the depreciation rates as recognized by Company's management on a going forward
21 basis without changing the currently ordered depreciation rates until the Company can
22 provide actuarial data and conduct a depreciation study as noted previously in this testimony.

23 Q. Does the negative amortization result in lower future rates for customers?

Surrebuttal Testimony of
Guy C. Gilbert, M.S., P.E., R.G.

1 A. Yes it does. As a result of the negative amortization customers will experience
2 an amount of depreciation accrual that is fixed as opposed to increased depreciation rates that
3 would require increasing depreciation accrual as a result of increasing plant balances. This is
4 because the Company will continue to add to the plant account balances in the future.

5 Q. Does this conclude your prepared rebuttal testimony?

6 A. Yes, it does.