

**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

**PUBLIC COUNSEL'S RECOMMENDATIONS
REGARDING TEST YEAR AND TRUE-UP**

COMES NOW the Office of the Public Counsel, and for its recommendations regarding test year and true-up states:

1. On April 13, 2006, the Commission issued its *Suspension Order and Notice, Order Setting Hearings, and Order Directing Filing*, directing Atmos Energy Corporation ("Atmos") to file a pleading stating its recommendation concerning the proper test year to use in this case. The Commission also required Atmos to file any request for a true-up audit and hearing in a separate pleading. The Commission's *Order* directed the Staff, Public Counsel and any intervenors to file recommendations on the test year and any true-up request no later than May 11, 2006.

2. Atmos filed both recommendations on April 27, 2006. Atmos recommended that the Commission establish the twelve months ending September 30, 2005 as the test year, with an update period for known and measurable changes through June 30, 2006. Atmos also requested that a true-up hearing be scheduled to consider certain items.

3. Public Counsel concurs with Atmos' recommendation to establish the twelve months ending September 30, 2005 as the test year, with an update for known and measurable changes through June 30, 2006.

4. Public Counsel opposes Atmos' recommendation that the Commission determine at this early stage that a true-up is necessary. Atmos' request for a true-up fails to specify a date for the true-up and fails to explain what event will happen between June 30, 2006 and the unspecified date to justify the need for a true-up. Atmos presented a list of items to be included in the true-up, but the list does not present a complete package that maintains the revenue/expense/rate base relationship that is necessary to determine the appropriate level of rates. In particular, with the exception of gas inventory, no rate base items have been included such as plant in service and related depreciation reserve. Atmos does not identify any changes past June 30, 2006 that would materially change the revenue/expense/rate base relationship and justify the need for changes to revenue. Absent evidence from Atmos of material changes, and absent independent knowledge of material changes, Atmos has presented no compelling reason to utilize the resources of Public Counsel and Staff in a true-up proceeding. If Public Counsel's analysis and investigation of Atmos' case reveals that a significant cost of service item will change past June 30, 2006, Public Counsel's direct testimony will inform the Commission of this and, if appropriate, recommend a true-up process at that time. Public Counsel recommends that the Commission keep the two true-up dates, January 3-4, 2007, open on the Commission's calendar in the event it is later determined that a true-up is necessary. At this time, no known event has been identified to justify a true-up proceeding. Accordingly, Public Counsel opposes Atmos' recommendation for a true-up.

WHEREFORE, Public Counsel respectfully offers these recommendations regarding test year and true-up.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 11th day of May 2006:

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