

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

In the matter of PGA / ACA filing of Atmos)	
Energy Corporation for the West Area (Old)	
Butler), West Area (Old Greeley),)	Case No. GR-2008-0364
Southeastern Area (Old SEMO), Southeastern)	
Area (Old Neelyville), Kirksville Area, and in)	
the Northeastern Area)	

STAFF RESPONSE TO COMMISSION ORDER

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Response to the Commission's August 31 *Order Directing The Parties to File An Additional Progress Report*, and to Atmos' September 22, 2010 *Atmos Energy Corporation's Motion to Reestablish Procedural Schedule and Response to Staff's Motion To Compel* states:

1. On August 27, 2010, the Staff issued follow-up Data Requests (DRs) 117.1 and 131.1. Staff issued both DRs as a result of its analysis of certain highly confidential (HC) information that Atmos provided to Staff and Office of Public Counsel pursuant to the Commission's July 15th *Order Granting Staff's Motion To Compel Atmos To Respond To Data Requests*.

2. On September 7, 2010, Atmos counsel timely objected to both Staff Data Requests 117.1 and 131.1 on the grounds they are "...irrelevant to this proceeding and [are] not designed to lead to admissible evidence."

3. On September 9, 2010, the parties held an initial conference and on September 13, 2010, the parties held a telephone conference with the presiding officer pursuant to the Commission's discovery rules.

4. Staff needs information to assure not only the prudence of Atmos' purchases but to be able to make an informed evaluation of the fair market value of the gas that Atmos LDC purchased from its affiliate. Atmos' captive customers rely on the Commission's statutory duty to approve only just and reasonable natural gas rates.

5. In determining *gas* purchasing prudence, one of the factors the Commission must consider is whether transactions with an affiliate have been used to subsidize or benefit the utility company's affiliate to the detriment of consumers. Said another way, Staff wants to know whether customers have paid higher gas prices because the utility did business with its affiliate.

6. When a case involves affiliated companies, the utility has or controls all of the information, making it difficult to determine the true value of transactions. Adequate discovery is essential to prevent abuse of the affiliate relationship and cross-subsidization of the affiliate to the detriment of customers.

7. Because the Company controls both sides of the transaction and all of the information, Atmos has the opportunity as well as the incentive to hide information from Staff and, therefore, from this Commission.

8. Both the Staff and the Commission are at the mercy of Atmos's willingness to provide the requested data.

9. Unlike a general rate case where the parties and the Commission operate under a statutorily established timeline, there is no need to proceed hurriedly in a gas prudence review. To do so would result in ineffective regulatory review of the PGA process.

10. The process requires, and Missouri natural gas consumers rely on, the Commission to do a thorough and conscientious investigation into the prudence of gas purchases and justness of corresponding rates.

11. Because Staff's motion to compel Atmos to respond to Staff's follow-up DRs 117.1 and 131.1 remains pending before the Commission, the matter of re-setting the procedural schedule is premature and unnecessary. There is no operation of law date and there is no financial hardship to Atmos because the Company has already collected moneys from the ratepayer for the cost of gas it bought from its affiliate.

WHEREFORE, for the reasons stated above, the Staff respectfully renews its September 14th motion to compel and recommends the Commission deny Atmos' motion to reset the procedural schedule.

Respectfully submitted,

/s/ Robert S. Berlin

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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 30th day of September 2010.

/s/ Robert S. Berlin