

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

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

PUBLIC COUNSEL’S POSITION STATEMENT

COMES NOW the Office of the Public Counsel and in support of its statement of its positions on the issues to be resolved in this case states as follows:

Issue 1: Were the rates Atmos charged for natural gas during the 2007-2008 ACA period just and reasonable?

OPC Position: No. First, gas transactions between a regulated local distribution company (Atmos Energy Corporation) and an unregulated affiliate (Atmos Energy Marketing) must not provide a financial advantage to the affiliate. 4 CSR 240-40.015. Purchased Gas Adjustment (PGA) rates are designed as a pass-through of prudently incurred costs of gas, not as an opportunity to milk more profits out of ratepayers. It is imprudent for Atmos to make gas purchases that force ratepayers to pay for additional profits for Atmos/AEM through the PGA. Allowing profits on gas costs would harm ratepayers and would put in question the entire PGA method of recovering gas costs. Second, Atmos bears the burden of proving that the PGA rates it charged its Missouri customers were just and reasonable. Atmos has not overcome the challenges raised by the Staff regarding the natural gas transactions between Atmos and AEM.

Issue 2: What, if any, ACA adjustments should the Commission order for the 2007-2008 ACA period?

OPC Position: Before quantifying the amount of imprudent gas costs, the Commission should first order Atmos to fully respond to all Staff discovery requests. The data sought by Staff will allow the Staff and the Commission to quantify the fair market value of gas costs, and the amount of the disallowance.

WHEREFORE, the Office of the Public Counsel respectfully submits this Position Statement.

Respectfully submitted,

/s/Marc D. Poston

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record this 30th day of June 2010.

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