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 Atea (Old Greeley), Southeastern Area (Old SEMO), Southeastern Area (Old Neelyville), Kirksville Area, and in the Northeastern Area.	)))))))	**Case No. GR-2008-0364**

STAFF'S POSITION STATEMENT

COMES NOW the Staff of the Missouri Public Service Commission, by and through the Chief Staff Counsel, and in compliance with the Procedural Schedule adopted herein, files this Statement of its Positions on the Issues:

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

It is Staff's position that the rates charged by Atmos in its Butler and Hannibal service areas were NOT just and reasonable because the rates did not merely pass on the cost of the gas but included a profit for Atmos' shareholders.

Atmos acquired the gas in question from AEM, its wholly-owned, captive, unregulated-gas-marketing subsidiary. The profits realized by AEM on the gas sales were the profits of its owner, Atmos, and Atmos' shareholders. The PGA/ACA mechanism, which protects LDCs from the effects of natural gas price volatility by removing regulatory lag to the greatest extent possible by permitting rate changes outside of a general rate case, is legally permissible ONLY if the rate simply passes on to the ratepayers the cost at which the LDC obtained the commodity. Atmos' shareholders cannot be allowed to evade this central principle of the PGA/ACA mechanism by profiting on their own sales of gas to the LDC.

Staff further states that Atmos has waged an unrelenting campaign of discovery obstruction during the course of this case in order to prevent Staff from determining whether Atmos unlawfully provided financial and other advantages to AEM, wholly-owned, captive, unregulated-gas-marketing subsidiary, in any number of subtle ways. Further, Staff points out that Atmos' behavior in this regard is common among Missouri LDCs, with the result that Staff now urges the Commission to prohibit LDCs from engaging in gas supply transactions with unregulated affiliates and subsidiaries.

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

It is Staff's position that an adjustment of ($362,979) should be ordered, being ($349,015) for Hannibal and ($13,964) for Butler, in order to eliminate the profits realized by AEM on its sales of gas to Atmos to serve the Hannibal and Butler service areas during 2007-2008.

WHEREFORE, Staff prays that the Commission will adopt the Affiliated Transactions adjustments proposed by the Staff in this proceeding.

Respectfully submitted,

s/ Kevin A. Thompson
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Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **30th day of June, 2010,** on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

s/ Kevin A. Thompson_____