

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

In the Matter of the Verified Application)
and Petition of Atmos Energy Corporation)
to Change its Infrastructure System)
Replacement Surcharge)

Case No. GO-2011-0149
YG-2011-0262

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through Staff counsel, and submits to the Missouri Public Service Commission (Commission) its Staff Recommendation as follows:

1. On November 22, 2010 Atmos Energy Corporation (Atmos or Company) filed an application to change its tariff rate for an Infrastructure System Replacement Surcharge (ISRS) pursuant to the provisions of Sections 393.1009 to 393.1015 RSMo 2009.

2. Atmos requests an adjustment to its rates and charges through the implementation of an ISRS rate schedule that provides for the recovery of costs incurred in connection with ISRS-eligible infrastructure system replacements made during the period beginning March 1, 2010, through September 30, 2010. Atmos has applied for an ISRS revenue increase of \$381,998.

3. Commission Rule 4 CSR 240-3.265(11) states that “the staff of the Commission may examine information of the gas corporation to confirm that the underlying costs are in accordance with the provisions of Sections 393.1009 to 393.1015, RSMo, and to confirm” proper calculation of the proposed charge. The Staff “may submit a report regarding its examination to the Commission no later than sixty days” after the petition is filed. (Section 393.1015.2(2)).

4. Noranda Aluminum Inc. timely filed an application to intervene in this matter and the Commission granted intervention on December 28, 2010.

5. In accordance with Commission Rule 4 CSR 240-3.265(11) and Section 393.1015.2(2) the Staff Auditing and Energy Departments have evaluated Atmos' Application, supporting documentation, and additional data provided by the Company.

6. Staff's recommendation is contained in Staff's Memorandum, attached hereto as Appendix A and incorporated by reference for all purposes. Staff recommends that Atmos receive an incremental ISRS revenue increase of \$277,081 for reasons more fully explained in Staff's Memorandum. Staff's recommended ISRS rates by customer class are contained in Appendix B, attached hereto and incorporated by reference herein.

7. Staff has verified that the Company has filed its annual report and is not delinquent on any Commission assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE Staff prays the Commission issue an order:

1. Rejecting the ISRS tariff sheet (YG-2011-0262) filed by Atmos on November 22, 2010;
2. Approving the Staff's determination of the incremental ISRS surcharge revenues in the amount of annual pre-tax revenues of \$277,081, consisting of \$11,116 for the West District, \$100,567 for the Southeast District, and \$165,397 for the Northeast District; and
3. Authorizing Atmos to file an ISRS rate for each customer class as reflected in Appendix B.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin

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Missouri Public Service Commission

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 14th day of January 2011.

/s/ Robert S. Berlin