Exhibit No.:	
Issues:	*Revenue Requirement and OPEBs*
Witness:	*Stephen M. Rackers*
Sponsoring Party:	*MOPSC*
Type of Exhibit:	*Rebuttal Testimony*
Case No.:	*GR-2006-0387*
Date Testimony Prepared:	*October 31, 2006*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

STEPHEN M. RACKERS

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

Jefferson City, Missouri
October 2006

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

AFFIDAVIT OF STEPHEN M. RACKERS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Stephen M. Rackers, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

Stephen M. Rackers

Subscribed and sworn to before me this 26th day of October 2006

Notary Public

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

ASHLEY M. HARRISON
My Commission Expires
August 31, 2010
Cole County
Commission #06898978

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OF

STEPHEN M. RACKERS

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

Q. Please state your name, employer and business address.

A. My name is Stephen M. Rackers. I am employed by the Missouri Public Service Commission (Commission) as a Regulatory Auditor V. My business address is 9900 Page Avenue, Suite 103, Overland, Missouri 63132.

Q. Are you the same Stephen M. Rackers who previously filed direct testimony in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony will provide an update of the Staff's current recommendation regarding revenue requirement. I will also address the amount of the catch-up funding for Other Post-Retirement Employee Benefits (OPEBs).

REVENUE REQUIREMENT

Q. What was the Staff's filed revenue requirement on a total company basis?

A. As filed on September 13, 2006, Staff calculated a revenue excess of approximately $1.2 million, on a total company basis.

Q. Has the Staff made any corrections to this calculation?

A. Yes. However, these corrections did not significantly change the result of the Staff's calculation. The Staff's current calculation continues to reflect a revenue excess of approximately $1.2 million on a total company basis.

Q. Will the Staff file a complaint based on this cost of service analysis?

A. No. During the Settlement Conference, which was held October 2, 2006, through October 6, 2006, several of the parties to the case voiced significant opposition to many of the Staff's positions. Although the Staff continues to believe that its positions are reasonable and defendable, it recognizes that the opposition posed by the other parties to the case also has merit. Based on these discussions, the Staff recognizes that its cost of service is likely to be modified if a hearing of the differing positions of the parties is conducted.

In addition, a substantial amount of the differential between the Staff's case and the positions of the other parties to the case is the result of significant disagreements in a few areas (e.g. rate of return, amortization expense and uncollectibles). A Commission ruling in favor of the other parties in these areas could substantially reduce or completely eliminate the revenue excess identified by the Staff.

Based on these circumstances the Staff is not filing a complaint. The Staff believes that no change in the cost of service, on a total company basis, will still result in just and reasonable rates as a result of this case.

OTHER POST EMPLOYMENT BENEFITS (OPEBs)

Q. As previously discussed in the Staff's direct testimony (Staff Witness Hagemeyer, p.12-13), Atmos has not been funding the OPEBs costs for the Missouri

companies it acquired. After discussions with the Company in this case, what is the Staff's recommendation to address this situation?

A. The Company, through its actuary, has calculated an amount of catch-up funding. The Staff has evaluated this amount and believes it is appropriate. Therefore, the Staff recommends that the Commission order Atmos to make a catch-up contribution of $1,275,000 to its Missouri OPEB funding account and begin funding the annual OPEB cost for its operations in Missouri.

Q. Does this conclude your testimony?

A. Yes, it does.