

**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)	Case No. GR-2006-0387
Implement a General Rate Increase for Natural Gas)	Tariff No. YG-2007-0602
Service in the Missouri Service Area of the Company.)	

**ATMOS ENERGY CORPORATION'S
RESPONSE IN OPPOSITION
TO THE OFFICE OF THE PUBLIC COUNSEL'S
MOTION TO REJECT TARIFF**

COMES NOW Atmos Energy Corporation ("Atmos"), pursuant to the Commission's *Order Directing Filing of Tariff Responses* ("Order") issued in this matter on March 13, 2007, and for its Response In Opposition to the Office of the Public Counsel's ("OPC") Motion to Reject Tariff, respectfully states as follows:

1. On March 1, 2007, Atmos filed tariff sheets "in compliance with the Commission's Report and Order issued on February 22, 2007, in Case No. GR-2006-0387. The tariff sheets reflect an Issued Date of March 1, 2007, and an Effective Date of April 1, 2007."¹ Atmos subsequently filed substitute tariff sheets on March 9 and March 16, 2007, correcting minor and typographical errors in its March 1 filing. The Commission's March 13 *Order* directed the Staff to file its recommendation with regard to the compliance tariffs, Tariff No. YG-2007-0602, no later than March 19, 2007, and further directed that any objections to those tariffs be filed no later than that same date. Finally, the *Order* directed that "[a]ny responses to the Staff recommendation and any responses to any objections shall be filed no later than March 23, 2007." (*Order*, page 1).

¹ Cover Letter, March 1, 2007 (footnote reference to Ordered Paragraph 6, Report and Order page 48, omitted).

2. In accordance with the Commission's *Order*, the "Staff Recommendation Regarding Compliance Tariff Sheets" (with attached Memorandum designated Appendix A) was filed March 19, 2007, wherein Staff recommends that the Commission approve the Company's tariff, as substituted, with an effective date of April 1, 2007. "Staff has reviewed the Company's tariff filing and believes the tariff filing, as substituted on March 9 and March 16, complies with the Commission's R&O." The Staff further recommends that the "Commission should also cancel Atmos P.S.C. MO. No. 1, which is replaced by its MO. No. 2 tariff, in its entirety." (Appendix A, page 1). Atmos supports the Staff's recommendations as fully set forth therein.

3. On March 19, 2007, OPC filed its Motion to Reject Tariff, representing the latest chapter in its opposition to the fixed delivery charge (or straight fixed-variable (SFV) rate design) for residential and small general service customers. OPC's suggestion that "Atmos' tariff filing number YG-2007-0602 is premature and should be rejected because the conditions for approving the SFV rate design have not been met," is simply wrong and should be dismissed outright.

4. The subject tariffs were clearly contemplated by the Commission's Report and Order.

Therefore, the Commission directs that if Atmos files tariff pages in compliance with this order designed to implement a fixed delivery charge, it shall also set up a new program by meeting with the other parties set out above, and any other social service agency or party that the Commission designates to participate, and design a program to be approved by the Commission and implemented no later than August 31, 2007. The Commission will direct that Atmos file a report regarding the status of any collaborative effort every thirty days. In addition, Atmos must present a program for Commission consideration no later than June 30, 2007. Finally, if the fixed delivery charge rate design is implemented, Atmos shall file on an annual basis a report with the Commission for the

purpose of evaluating the effect of a fixed delivery charge rate design on energy efficiency and conservation.

If Atmos does not file tariff pages designed to implement fixed delivery charge rate design, it shall file new tariff pages designed to implement the status quo rate design with the other changes as set out in this Report and Order.

(Report and Order, pp. 22-23).

5. Atmos' tariff filing could not be clearer in terms of its acceptance of the Commission's directives and parameters regarding the fixed delivery charge rate design and associated energy efficiency and conservation program. From the Company's tariff cover letter², to the text of the tariff sheets themselves (attached to OPC's Motion), Atmos specifically sets forth the commitments and actions contemplated by the Commission's Report and Order:

ENERGY EFFICIENCY AND CONSERVATION PROGRAMS

In accordance with the Commission's Report and Order ("Order") issued February 22, 2007, in Case No. GR-2006-0387, whereas Company is filing tariff pages in compliance with the Order designed to implement a fixed delivery charge, Company hereby enters into a significant energy and conservation program as set out in the Order to be approved by the Commission. Company shall contribute annually, one percent (1%) of its annual gross non-gas revenues (currently approximately \$165,000) to be used for the energy efficiency and conservation program.

Company shall set up its energy efficiency and conservation program as outlined in the body of the order (incorporating the collaborative process as fully set forth therein and any further orders, to design such program) to be implemented no later than August 31, 2007, and shall present such program to the Commission for consideration no later than June 30, 2007. (Ordered Paragraph 7).

Beginning on April 1, 2007, Company shall report to the Commission, no later than the first day of every month as to the status of the collaborative process set out in the Order. (Ordered Paragraph 8).

² "As noted at Tariff Sheet 22, whereas the Company is filing tariff pages in compliance with the Order designed to implement a fixed delivery charge, the Company is entering into a significant energy and conservation program as set out in the Order to be approved by the Commission." March 1, 2007 Cover Letter.

Company shall file on an annual basis a report with the Commission for the purpose of evaluating the effectiveness of a fixed delivery charge rate design on energy efficiency and conservation. (Ordered Paragraph 9).

(P.S.C. MO. No. 2, Sheet Nos. 22, 23, 24 & 25).

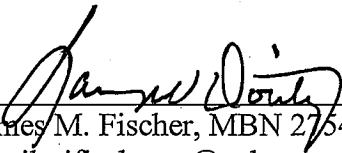
6. Indeed, as referenced in OPC's own Motion, the first collaborative meeting regarding the energy efficiency and conservation program was held yesterday, March 22, 2007, with representatives of Atmos, the Commission Staff, OPC and the Missouri Department of Natural Resources – Energy Center actively participating. It is Atmos' understanding that everyone involved considered the meeting to be very productive, and the next meeting/conference call is scheduled for April 4, 2007. (Atmos will be filing its first monthly update on or before April 1, 2007.) As expressed during the meeting, Atmos hopes to expedite the process to the extent possible, so that its final program can be presented to, and approved by, the Commission prior to the dates set forth in the Commission's Report and Order.

7. As the Commission is well aware, OPC's pending Motion for Rehearing should have no bearing on the Commission's approval of Atmos' compliance tariffs. In accordance with present practice, Atmos could have filed a motion for expedited treatment in conjunction with its compliance tariff filing (to have the tariffs approved by the Report and Order's effective date of March 4, 2007). However, Atmos provided the parties and the Commission with the full 30-days, which also facilitated the Company's direct-mail customer education process prior to the tariff's April 1, 2007 effective date, in conformance with the Company's representations made during the course of the hearings.

8. As Staff's Recommendation confirms, Atmos' tariff sheets comply with the Commission's Report and Order, are lawful and appropriate and should be approved.

WHEREFORE, Atmos Energy Corporation respectfully requests that the Commission deny the Office of the Public Counsel's Motion to Reject Tariff and, in accordance with the Staff Recommendation Regarding Compliance Tariff Sheets, approve Atmos' tariff, as substituted, with an effective date of April 1, 2007.

Respectfully submitted,

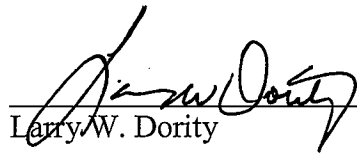

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, First Class mail, postage prepaid, this 23rd day of March, 2007, to all counsel of record in this matter.



Larry W. Dority