Exhibit No.: Ex No. 5NP
Issue: Minimum Filing Requirements, Recovery of Uncollectible Expense through PGA, Consolidation of Base Rates and PGAs
Witness: Patricia J. Childers
Type of Exhibit: Direct Testimony
Sponsoring Party: Atmos Energy Corporation
Case No.: GR-2006-0387
Date Testimony Prepared: April 6, 2006

pf 11-30-06

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2006-0387

DIRECT TESTIMONY

OF

PATRICIA J. CHILDERS

ON BEHALF OF

ATMOS ENERGY CORPORATION

April 2006

Atmos Exhibit No. 5NP
Case No(s). GR-2006-0387
Date 11-30-06 Rptr PF

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	)	Case No.
Service in the Missouri Service Area of the Company.	)	

AFFIDAVIT OF NAME

STATE OF TENNESSEE)
) **ss**
COUNTY OF WILLIAMSON)

Patricia J. Childers, being first duly sworn on his oath, states:

1. My name is Patricia J. Childers. I work in Franklin, Tennessee, and I am employed by Atmos Energy Corporation, as the Vice President – Rates and Regulatory Affair for the Mid-States Division of Atmos Energy Corporation.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Atmos Energy Corporation consisting of Fifteen (15) pages and Schedules PJC-1, PJC-2, and PJC -3, all of which having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Patricia J. Childers
Patricia J. Childers

Subscribed and sworn before me this 6th day of April 2006.

Pamela Todd
Notary Public

PAMELA TODD STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY, TENN.

My commission expires 05-24-08

My Commission Expires 05-24-08

BEFORE THE

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. __________

PREPARED DIRECT TESTIMONY

OF

PATRICIA J. CHILDERS

On Behalf of

ATMOS ENERGY CORPORATION

I. POSITION AND QUALIFICATIONS

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

A. My name is Patricia J. Childers. I am Vice President – Rates & Regulatory Affairs for Atmos Energy Corporation's Mid-States operations which includes Missouri operations. My business address is 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067-6226.

Q. Please briefly describe your current responsibilities, and professional and educational background.

A. I am responsible for Rates and Regulatory Affairs matters in the states of Illinois, Iowa, Missouri, Tennessee, Georgia and Virginia. I graduated from Middle Tennessee State University in 1972 with a degree in Business Administration. I have been with United Cities Gas Company and subsequently Atmos Energy Corporation since November 1979. I have served in a variety of positions in both Gas Supply and Rates prior to assuming my current responsibility.

Q. Have you previously testified before this Commission?

A. No. However I have testified before the Regulatory Agencies in Illinois, Tennessee, Virginia, Georgia and Kentucky in numerous proceedings.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain how Atmos has satisfied the Commission's minimum filing requirements ("MFR"); to support the Company's request to recover the gas cost portion of uncollectibles through the purchased gas adjustment clause; support the rate design and rates proposed in this filing; and support the Company's request to partially consolidate the base rates and fully consolidate purchased gas adjustments for the six Missouri areas served by Atmos.

Q. Are you sponsoring any Schedules in this proceeding?

A. Yes. I am sponsoring Schedules PJC-1 pertaining to rate design, PJC-2 pertaining to base rate consolidation and PJC-3 pertaining to PGA consolidation.

III. MINIMUM FILING REQUIREMENTS

Q. What is the purpose of this part of your testimony?

A. My purpose is to confirm that Atmos has satisfied the Commission's MFR, as set forth in 4 CSR 240-3.030 and 4 CSR 240-3.235.

Q. How did Atmos satisfy the MFR?

A. The following information was prepared addressing the specific requirements of the MFR as outlined in 4 CSR 240-3.030(3):

A. Letter of transmittal

B. General information, including:

1. the amount of dollars of the aggregate annual increase and percentage over current revenues;
2. names of counties and communities affected;
3. the number of customers to be affected;
4. the average change requested in dollars and percentage change from current rates;
5. the proposed annual aggregate change by general categories of service and by rate classification;
6. press releases relative to the filing; and
7. a summary of reasons for the proposed changes.

Q. Are you sponsoring this information?

A. Yes.

Q. Was this information prepared under your direct supervision?

A. Yes, it was.

Q. Were the provisions of 4 CSR 240-3.235 also addressed, concerning a depreciation study, database and property unit catalog?

A. Yes the provisions of 4 CSR 240-3.235 are also addressed. The Company is filing a depreciation study, database, and property unit catalog in this case. The depreciation study and database are sponsored by Company witness Donald Roff and the property unit catalog is sponsored by Company witness Daniel M. Meziere.

IV. GAS COMPONENT OF UNCOLLECTIBLE EXPENSES

Q. Please explain why the Company is proposing that the gas cost component of uncollectibles should be recovered through the PGA as opposed to base rates.

A. First, I think it is important to clarify that Atmos is requesting to recover only the actual amounts it pays for upstream transportation and storage services and to its suppliers for the gas delivered to its customers, no more and no less. Historically, gas prices have remained relatively flat. Therefore, in the context of a rate case, test period uncollectibles or an average of several years of uncollectibles were generally considered to be a representative level of the amount of uncollectibles that the Company would experience on a going-forward basis. However, with gas prices spiking in 1999-2000 and remaining extremely volatile since that time, averaging or projecting the appropriate level of uncollectibles to be included in the Company's base rates is certain to produce a result that is either too high or too low. Neither scenario benefits the consumer or the Company. For deficiency calculation purposes, the Company has included approximately $1.1 million for recovery of uncollectible expense. The calculation of this amount is explained in the testimony of Company witness Rebecca Buchanan. If the Company's proposal is not accepted and actual uncollectibles are higher than calculated in this proceeding, then the Company will not have the opportunity to recover the excess uncollectible amount without filing another general rate case and including the higher amount in base rates. On the other hand, if uncollectibles are lower than calculated in this proceeding then customers will not have the opportunity to benefit from the lower amount because base rates are not set retroactively.

Q. Does the Company have this type of recovery in other jurisdictions?

A. Yes. The Company is currently allowed recovery of the gas cost portion of bad debt in Tennessee, Virginia and Kansas. These authorizations for moving recovery of these costs from base rates to the PGA have all come in the past two years.

Q. Does the definition of the "cost of gas" in Company's PGA clause support its position that it should be allowed recovery of the gas cost component of uncollectibles?

A. Yes. The intent and clear language of the Company's PGA authorizes recovery of 100% of prudently incurred its gas costs, not just the portion which is paid for by customers. The definition of gas cost in our Purchased Gas Adjustment Clause states as follows:

> "Sheet No. 24 "For purposes of this clause the term "cost of gas" shall include the cost paid to suppliers for the purchase, transportation and storage of gas."

The amounts that Company has included in the calculated deficiency and is seeking approval to recover through the PGA clearly fall within the scope of the definition of "cost of gas" as that term is used in the PGA since such costs are "costs paid to suppliers for the purchase, transportation and storage of gas". The PGA provides the Company with the authority to recover gas costs, not merely the right to bill those costs to its customers. Nowhere in this definition of "cost of gas" is there a limitation providing that the scope of gas costs should only include those costs for which Company is reimbursed by customers. Consequently, the costs that Atmos is requesting to recover through the PGA fall squarely within the definition of "cost of gas".

Q. Can a reasonable argument be made that gas costs somehow become something other than gas costs if customers do not reimburse the Company for such costs?

A. Absolutely not. In fact, it defies logic to argue that such costs are gas costs at the time they are incurred but somehow become something different if the Company is not reimbursed for them by customers. There is no logical support for an argument that would define a cost on the basis of whether or not a customer pays their bill for such cost.

Q. What arguments have been raised by those skeptical of this approach to the recovery of the gas portion of uncollectibles?

A. One argument advanced is that uncollectibles have historically been treated as an expense just like any other expense, with the exception of the cost of gas recovered through the PGA, and that recovery of such costs should continue to be allowed through the setting of base rates. Another argument is that allowing 100% recovery of one expense over another would result in lower risk to the utility and would create a disincentive for the utility to aggressively focus on collections

Q. What is your response to the argument that the uncollectible portion of gas costs should be treated the same as any other expense?

A. There is a clear distinction between the uncollectible portion of gas costs and other expenses included in a company's cost of service. The cost of gas is outside the control of the company and controlled entirely by market forces. The only exception would be purchases by the Company that were found to be imprudent. This Commission conducts exhaustive reviews annually of the utility's purchasing practices to determine prudency. Nothing in the Company's proposal would limit the Commission's ability to conduct these annual reviews.

Q. Would allowing recovery of these costs create a disincentive for Company to aggressively pursue the recovery of bad debts?

A. No. Allowing recovery of the gas cost portion of bad debt does not create an incentive for the utility to deemphasize the collection of bad debts for two reasons. First, the Company would continue to have $240,000 included in its base rates related to margin portion of uncollectible accounts. If the Company's collection efforts became lax and more write-offs were to occur, the non-gas portion of write-offs would exceed what has been included in our base rate design. Second, when less than 100% of a written-off account is subsequently collected, if priority is given to the gas cost portion, the Company will still experience the loss of margin. Therefore, the Company would retain every incentive to remain vigilant and maintain tight collection practices.

Q. How does giving priority to the gas cost portion of bad debt impact the Company and the Customer?

A. I will explain it with a brief example. Assume for purposes of the example that the Company has written off an account totaling $1,000. Of this amount, $200 is margin and $800 is gas cost. Subsequent to the account being written off, the customer agrees to pay $800 to have service restored. The Company would then put the customer on a payment plan for the remaining $200. Pursuant to the Company's proposal, when the customer pays the $800, priority would be given to the gas cost that had been written off, and thus this amount would be credited back to the PGA in its entirety for the PGA customer's benefit. The Company would still be at risk for the $200 of associated margin.

Q. Could the Commission monitor Atmos' collection efforts in order to ensure that collection practices don't change?

A. Yes. Commission reporting is an integral part of the order from the Kansas Corporation Commission (KCC) allowing Kansas natural gas utilities to recover the gas cost portion of bad debt through the PGA. Atmos was required to file its existing collection procedures with the KCC and is required to notify the KCC any time these procedures change. In addition, the Company is also required to report its actual write-offs and recoveries of uncollectibles to the KCC. These reporting requirements provide the KCC with the means to carefully monitor the Company's collection efforts while also providing the Company with an incentive to maintain effective collection practices.

Q. Please summarize your testimony on the issue of recovery of the gas component of bad debt through the PGA.

A. The historical practice of addressing the gas cost component of uncollectibles in base rates no longer makes sense in this era of volatile gas costs. There is no reasonable mechanism to predict on a going forward basis what these uncollectibles will be based on past experience. Further, the clear language of the Company's PGA clause approved by the Commission is written to provide recovery of 100% of the costs it prudently incurs in procuring gas for its customers, no more, no less. Therefore, the Company believes that it should be authorized to recover the gas cost component of uncollectibles through its PGA clause. The Company would be willing to support this request with ongoing reporting concerning its uncollectibles, similar to what is currently in place for other jurisdictions, if the Commission approves our request.

V. RATE DESIGN AND PROPOSED RATES

Q. Please describe how the Company has designed rates in this proceeding.

A. Included with my testimony is Schedule PJC-1. This Schedule utilizes Company witness Buchanan's Schedule RMB-2 and which I used as a starting point for designing rates in this proceeding. Ms. Buchanan's Schedule RMB-2 is the schedule that normalizes test period billing determinants and test period volumes.

This is the appropriate place to begin allocating the Company's requested increase and calculate the resulting rates.

Q. Please continue.

A. The first step, which is contained on pages 1-4 of Schedule PJC-1, is to multiply the billing determinants by the proposed statewide customer charges for each class of customers. The Company is proposing the following customer charges for each class of customer:

Residential Firm	$ 9.00
Small General Service	$ 22.00
Large General Service	$120.00
Lg. Interruptible Sales	$240.00
Lg. Interruptible Transp.	$265.00

A set of uniform statewide customer charges for each class will be a significantly important step in helping Atmos' customers throughout the state with bill comparability. I will further address the importance of bill comparability when I address the Company's reasons for moving from six to three rate areas.

Once the margin is calculated for each division/class, the overall deficiency is spread on a pro-rata basis to each of the division/classes.

Q. How did you arrive at the recommended customer charges?

A. I reviewed the resulting overall percentage margin collected through the customer charges of Atmos' existing rates, proposed rates, and compared the percentages to recent Commission orders that discussed this relationship. As a result of my review I noted that currently approximately 35% of the Company's margin under existing rates is derived from the customer charge portion of the rate. The proposed customer charges moves this percentage to 39% if the Company's full rate case is authorized by the Commission. As Company witness Gary Smith mentions in his testimony, the vast predominance of non-gas costs borne by a utility, and correspondingly its revenue requirements, are fixed and are basically unaffected by the volumes sold or transported. The Commission found in Missouri Gas Energy's ("MGE") last rate case that collecting 55% of the total margin through the customer charge was reasonable. The proposed customer charges strike a reasonable balance between increasing the Company's overall percentage margin collected, while still remaining under an amount the Commission found reasonable in the recent MGE case.

Q. **If the Commission approves the Company's WNA proposal, isn't the amount of customer charge a moot issue?**

A. No. One benefit of a higher percentage of margin being collected through the customer charge is that it allows customers to spread a portion of their bill throughout the year, thus taking some pressure off of higher winter bills. While the Company's WNA proposal would help lower the customer's overall bill in colder-than-normal winter months, it would not address this issue of more evenly spreading of margin recovery over twelve months.

Q. **Are there any exceptions to this pro-rata approach to spreading the overall requested increase?**

A. Yes. Special contracts and 'other revenue' are not allocated any of the Company's proposed revenue increase. The special contracts, supported and described in Company witness Robert Kerley's testimony, are not tariff based charges, and thus are not included when determining how to allocate increases in revenue. Company witness Mike Ellis describes the Company's proposed revisions to its service charges in this case. If the Commission approves the requested service charges, a portion of the final approved increase can be allocated to these services charges which are also referred to as 'other revenue'.

Q. **What is the next step following the allocation of the increase among the classes?**

A. The next step taken, which is contained on pages 5-8 of Schedule PJC-1, is to calculate the new volumetric base rate with the proposed increase. Again, this is done at the existing division/class level and no consolidation has occurred. This step is necessary to determine the margin responsibility of each rate division/customer class of the proposed rate increase.

Q. **What was the next step taken to determine the final rates that the Company proposes be placed in effect if the Commission approves the Company's request?**

A. The next step, which is not included in Schedule PJC-1, was to analyze several different potential consolidation scenarios. As I explain later in my testimony, the Company currently has six sets of base rates and PGAs in Missouri. This is due primarily to the fact that the Company acquired its Missouri service territory in three separate acquisitions over a period of several years. The recommendation for consolidation of base rates from six rate divisions into three divisions is reflected on page 9 of Schedule PJC-1. The three rate areas would be three geographic areas, Northeastern, Southeastern, and Western. The next section of my testimony further expands on why this is the appropriate level of consolidation for volumetric base rates.

Q. Do you have anything else to add regarding the customer charge or rate design?

A. Yes. At the present time the old United Cities rate divisions [Missouri (U) 97 Missouri (P) 97] larger classes have seasonal rates and "block rate design". Lines 87 – 95 of Page 3 on Schedule PJC-1 shows an example of the General Gas Service customers block rate design. As can be seen, a General Gas Service customer pays one rate for the first 600 Ccf, and then another rate for anything over 600 Ccf. In my proposed rates, I have eliminated the block rate design structure for Missouri (U) 97 and Missouri (P) 97 and aligned all rates for all classes into a single volumetric rate per class. I did this for three reasons. First, because this is how the remainder of the Company's rates are structured; second, this type of structure is easier to administer and examine when doing margin analysis and; third, this type of structure is better suited to a Weather Normalization Adjustment.

VI. CONSOLIDATION OF CUSTOMER CHARGE AND PURCHASE GAS ADJUSTMENT RATES AND PARTIAL CONSOLIDATION OF THE VOLUMETRIC PORTION OF BASE RATES

Q. Please explain the Company's proposal to consolidate the Company's base rates and purchased gas adjustments.

A. As I testified earlier, Atmos currently has six sets of base tariffs and six purchased gas adjustments for its Missouri service areas. The areas are referred to as District B (Butler), District K (Kirksville), District S (Southeast Missouri, all of which are properties formerly operated by Associated Natural Gas Company) , District G (Greeley) formerly operated Greeley Gas Company, District U (Hannibal/Canton/Palmyra/Neelyville) and District P (Palmyra) both formerly operated by United Cities Gas Company. As I stated earlier in my testimony, the six rate areas are a result of the fact that the Company acquired its Missouri service territory is three separate acquisitions. Each one of these acquisitions was approved by the Commission meaning that the Commission found that each of the transactions was not detrimental to the public interest. Further, in none of the orders approving the acquisitions did the Commission impose any conditions or requirements that would prohibit the consolidation of rates or that such consolidation would be detrimental to the public interest.

As I mentioned earlier, I examined several different scenarios for combining these disparate areas. Although the Company would prefer a full statewide consolidation of all base rates and PGA rates, as part of this case we are proposing to only consolidate the PGA rates into one statewide rate; to consolidate the customer charge portion of the base rates to one statewide rate in order to have a uniform set of customer charges; and to have a uniform set of service charges throughout the state. The volumetric non-gas portion of the customer's bill would vary depending on the geographic area the customer lives in. As I testified earlier, these geographic areas would be Northern, Southern, and Western. These geographic regions happen to align with the weather zones utilized in the Company's WNA proposal supported by Company witness Smith. Schedule PJC-2 shows the impact to customers of the Company's proposed rates under the consolidation scenario proposed by Company.

Q. Please describe what Schedule PJC-2 is showing.

A. Schedule PJC-2 first calculates the current average annual bill for each of the six rate areas utilizing the normalized consumption information, existing base rates and February 2006 PGA rates (exclusive of current ACA factors). This information is then compared to average annual bill utilizing the Company's proposed uniform customer charge, PGA rates that have been calculated on a statewide basis (utilizing the same information that was utilized for the February 2006 PGA rates) and the base rates developed as a result of our filing. I indicate the 'proposed' rate division alignment in column (b) of Page 2 in Schedule PJC-2. Finally, the percentage change in rates is calculated for each of the existing classes. The percentages in Schedule PJC-2 include the full amount of the deficiency filed in this case.

Q. How did you arrive at three rate areas?

A. One of the primary customer benefits of rate consolidation is bill comparability. For this reason I chose to consolidate customers in the same geographic proximity into the same rate area. Another consideration would be to align rate areas around upstream pipeline providers, but this still left some customers geographically close to one another on separate rates.

Q. Please explain the reasons that support the partial consolidation of base rates into a more consolidated tariff structure.

A. First, this proposal simplifies the administration of the tariffs and allows the Company's non-gas charges to be applied more uniformly to all customers within a customer class. At present, the Company's customer service representatives must identify the specific service area in which the customer resides to be able to respond to customer inquiries regarding the appropriate rates for each customer. Moving towards full consolidation of base rates, with an eye to full consolidation at some point in the future, alleviates this problem. Second, this three rate area proposal would eliminate most of the customer confusion resulting from multiple rate areas since all customers in a geographic area would have the same set of rates. Occasionally, customers will "look over the fence" to other areas and question why their rates differ from their neighbors in surrounding areas. Third, statewide average rates are more equitable since the Company's costs do not differ substantially throughout the state.

Q. Please explain the reasons that support the consolidation of the Company's six PGAs into one PGA?

A. Many of the reasons are the same as those that justify the partial consolidation of the base rates into three divisions. In addition, due to the higher cost of natural gas on the wholesale market, gas costs make up the largest portion of the customer's bill. Although separate upstream interconnecting pipelines serve the various geographic areas served by the Company within the state, my analysis of PGA consolidation indicates that a statewide PGA verses a consolidation based on upstream interconnecting pipeline is not appreciably different. Schedule PJC-3 shows the PGAs that would result if Atmos had calculated a statewide PGA and implemented the rates on February 1, 2006. As can be seen in the Schedule the majority of divisions (29, 70, 71, & 72) benefit from the consolidation while division 97 doesn't benefit. I would caution that this is a "snap-shot in time" analysis and it shouldn't imply that any one area will always benefit/not benefit.

Q. What other reasons exist that support one statewide PGA?

A. The consolidation of the various PGAs would make the administration of the Company purchased gas adjustment clause and its actual cost adjustment process much simpler. Currently, the Company (and Commission Staff) must deal with six separate PGAs and corresponding sets of rates. This is an overly complicated process which could be substantially simplified if the Company were permitted to consolidate its six PGAs into a single PGA. Secondly, the benefits of the Company's gas supply and hedging policies would be spread equally to all customers throughout the state. Thirdly, since gas commodity costs represent the largest portion of the customer's bill, consolidating the various PGAs into a single PGA would ensure that all customers paid the same rate throughout the state for the gas commodity costs. PGA rate variation among areas of the state can be a particularly sensitive issue when conditions similar to the Fall of 2005 exist and prices rise sharply in a short period of time. When extremely high wholesale prices are prevalent, no customer wants to pay the highest price for gas. Consolidating the divisions into one PGA would ensure that no area bears that burden.

Q. Isn't it true that the Company's various service areas are served by different interstate pipelines that charge different transportation charges and obtained gas supplies from different production areas?

A. Yes. However, the various pipeline transportation charges are not so substantially different that they justify separate PGAs to be maintained. Similarly, although the gas supplies emanate from various production areas, the commodity costs do not vary so widely so as to justify separate PGAs. The Company believes that the benefits of simplifying the PGA process will greatly outweigh any perceived benefits of separately maintaining the existing six PGAs.

Q. Do you have an Schedule which identifies the customer impacts of consolidating the Company's six PGAs into a single PGA?

A. Yes. As previously discussed, Schedule PJC-2 calculates and compares the total average customer bill for each of the existing rate areas to the total average customer bill with the statewide customer charge, statewide PGAs, and non-gas volumetric rate consolidated into three geographic areas.

Q. Does this conclude your testimony?

A. Yes.

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 1: Calculate Customer Charge Margin & Volumetric Rates Existing Customer and Volume levels
Utilize Result to spread increase evenly among each Existing Tariff/maintain existing margin contribution

				Rate Design as result of consolidating customer charges & blocks					
Line No.	Description	New Cust Chg	Rev. Neutral Base Rate	Redesigned Cust Chg Margin	Redesigned Vol. Margin	Total Redesigned Margin	Total Margin With Inc.	Increase Allocation By Existing Class	Percent of Normalized Margin
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	**KIRKSVILLE - (K) DIVISION 70**								
2	Residential Firm	$ 9.00	$0.0439	$549,441	$172,083	$721,524	$873,708	$152,184	4.48%
3	Small Firm General Service	$ 22.00	$0.0422	230,010	105,499	335,509	406,275	70,766	2.08%
4	Large Inter Service	$ 240.00	$0.0909	12,240	92,626	104,866	126,984	22,118	0.65%
5	Total Kirksville Sales Revenue			791,691	370,208	1,161,899	1,406,967	245,068	7.22%
6									
7	Transportation Large IT	$ 265.00	$0.0867	6,360	190,699	197,059	238,623	41,564	1.22%
8	Other Revenues			9,498		9,498	9,498		
9	**Total Kirksville**			$807,549	$560,906	$1,368,455	$1,655,087	$286,632	8.44%
10									
11									
12	**BUTLER - (B) DIVISION 71**								
13	Residential Firm	$ 9.00	$0.1480	$348,093	$363,021	$711,114	$861,102	$149,988	4.42%
14	Small Firm General Service	$ 22.00	$0.1401	134,310	154,829	289,139	350,124	60,985	1.80%
15	Large Inter Service	$ 240.00	$0.1123	14,400	111,887	126,287	152,924	26,637	0.78%
16	Total Butler Sales Revenue			496,803	629,738	1,126,541	1,364,151	237,610	7.00%
17									
18	Natural Gas Tranpsort - Ind								
19	Other Revenues			6,427		6,427	6,427		
20	**Total Butler**			$503,230	$629,738	$1,132,968	$1,370,578	$237,610	7.00%
21									
22	**SEMO - (S) DIVISION 72**								
23	Residential Firm	$ 9.00	$0.0876	$3,337,929	$1,727,182	$5,065,111	$6,133,504	1,068,393	31.46%
24	Small Firm General Service	$ 22.00	$0.0870	1,119,646	853,996	1,973,642	2,441,053	467,411	13.77%
25	Large Firm General Service	$ 22.00	$0.1296	6,578	235,836	242,414	242,414		
26	Large Inter Service								
27	Total SEMO Sales Revenue			4,464,153	2,817,014	7,281,167	8,816,971	1,535,804	45.23%
28									
29	Flex Transportation Contract - Ind				$282,230	$282,530	$282,530		
30	Transportation FERC rate - HandBill	25.00	$0.0177	300	152,141	152,441	152,441		
31	Transportation Large IT	$ 265.00	$0.0894	44,520	886,590	931,110	1,127,500	196,390	5.78%
32	Transportation - Lrg Vol > 550,000 Ccf								
33	Total SEMO Tranportation			45,120	1,320,961	1,366,081	1,562,471	196,390	5.78%
34									
35	Other Revenues			63,880		63,880	63,880		
36	**Total SEMO**			$4,573,153	$4,137,975	$8,711,128	$10,443,322	1,732,194	51.01%
37									

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 1: Calculate Customer Charge Margin & Volumetric Rates Existing Customer and Volume levels
Utilize Result to spread increase evenly among each Existing Tariff/maintain existing margin contribution

Rate Design as result of consolidating customer charges & blocks

Line No.	Description	New Cust Chg	Rev. Neutral Base Rate	Redesigned Cust Chg Margin	Redesigned Vol. Margin	Total Redesigned Margin	Total Margin With Inc.	Increase Allocation By Existing Class	Percent of Normalized Margin
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
38	**MISSOURI - (P)&(U) DIVISION 97**								
39	**- Palmyra (P)97**								
40	Residential Gas Service	$ 9.00	$0.0757	$132,723	$73,799	$206,522	$250,082	$43,560	1.28%
41									
42	Small General Gas Service								
43	Winter Volumes	$ 22.00		47,916		47,916	64,151	16,235	0.48%
44	Block 1: 0 - 600		$0.0475		29,057	29,057	29,057		
45	Block 2: Over 600								
46									
47	Summer Volumes								
48	Block 1: 0 - 600								
49	Block 2: Over 600								
50	Total Small General Gas Service			47,916	29,057	76,973	93,208	16,235	0.48%
51									
52	Large General Gas Service	$ 22.00		638		638	1,134	496	0.015%
53	Winter Volumes		$0.3297		1,715	1,715	1,715		
54	Summer Volumes								
55	Total Large General Gas Service			638	1,715	2,353	2,849	496	0.015%
56						79,326	96,057		
57	Large Volume Service >15,000 Ccf/mth								
58	Winter (Nov-Mar) LVI	$ 240.00		2,880		2,880	4,114	$1,234	0.036%
59	Block 1: 0 - 30,000		$0.0747		2,969	2,969	2,969		
60	Block 2: Over 30,000								
61									
62	Summer (Apr-Oct) LVK								
63	Block 1: 0 - 30,000								
64	Block 2: Over 30,000								
65	Total Large Volume Sales			2,880	2,969	5,849	7,083	$1,234	0.036%
66									
67	Total Palmyra Sales Revenue			184,157	107,540	291,697	353,222	61,525	1.81%
68									
69	Transportation Large Vol >15,000 Ccf/mth								
70	Winter (Nov-Mar)	$ 265.00		6,360		6,360	11,119	4,759	0.140%
71	Block 1: 0 - 30,000		$0.0277		16,203	16,203	16,203		
72	Block 2: Over 30,000								
73									
74	Summer (Apr-Oct)								
75	Block 1: 0 - 30,000								
76	Block 2: Over 30,000								
77	Total Large Volume Transportation			6,360	16,203	22,563	27,322	4,759	0.140%
78									
79	Transp Special Contract - Alt Fuel								
80	Total Palmyra Transportation Revenue			$6,360	$16,203	$22,563	$27,322	$4,759	0.14%
81									
82	**- Total Palmyra (P)97 Sales & Transp**			$190,517	$123,743	$314,260	$380,544	$66,284	1.95%
83									

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 1: Calculate Customer Charge Margin & Volumetric Rates Existing Customer and Volume levels
Utilize Result to spread increase evenly among each Existing Tariff/maintain existing margin contribution

		Rate Design as result of consolidating customer charges & blocks							
Line No.	Description	New Cust Chg	Rev. Neutral Base Rate	Redesigned Cust Chg Margin	Redesigned Vol. Margin	Total Redesigned Margin	Total Margin With Inc.	Increase Allocation By Existing Class	Percent of Normalized Margin
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
84	**- Missouri (U)97**								
85	Residential Gas Service	$ 9.00	$0.2271	1,237,743	2,126,141	3,363,884	4,073,395	709,511	20.90%
86									
87	General Gas Service								
88	Winter (Nov-Apr)	$ 22.00		410,212		410,212	697,572	287,360	8.46%
89	Block 1: 1 - 600		$0.1941		952,199	952,199	952,199		
90	Block 2: Over 600								
91									
92	Summer (May-Oct)								
93	Block 1: 1 - 600								
94	Block 2: Over 600								
95	Total General Gas Service			410,212	952,199	1,362,411	1,649,771	287,360	8.46%
96									
97	Large Volm Srvc - Sales								
98	LVS/LGS	$ 120.00		15,840		15,840	43,423	27,583	0.812%
99	Minimum Billing - 0 - 8,250 Ccf		$0.1021		114,936	114,936	114,936		
100	Over 8,250 Ccf								
101	Total LVS Sales			15,840	114,936	130,776	158,359	27,583	0.812%
102									
103	Total Missouri (U) Sales Revenues			1,663,795	3,193,276	4,857,071	5,881,525	1,024,454	30.17%
104									
105	Transp Special Contract-LVS					133,768	133,768		
106									
107	Transp School Pilot - LVS Handbill	$ 120.00		1,440		1,440	3,626	$2,186	0.06%
108	Minimum Billing - 0 - 8,250 Ccf		$0.1218		8,924	8,924	8,924		
109	Over 8,250 Ccf								
110	Aggregation Charge		$0.0040		293	293	293		
111				1,440	9,217	10,657	12,843	2,186	0.06%
112	Transp Large Volm Srvc								
113	LVS Handbill	$ 240.00		11,520		11,520	24,764	$13,244	0.39%
114	AMRD charge (automated meter read)	$ 25.00		1,200		1,200	1,200		
115	Minimum Billing - 0 - 8,250 Ccf		$0.0613		50,072	50,072	50,072		
116	Over 8,250 Ccf								
117	Total LVS Transp			12,720	50,072	62,792	76,036	13,244	0.39%
118									
119	Total Missouri (U) Transportation			21,360	185,857	207,217	222,647	15,430	0.45%
120									
121	**- Total Missouri (U)97 Sales & Transp**			$1,685,155	$3,379,133	$5,064,288	$6,104,172	$1,039,884	30.62%
122	**Total (P)&(U) Division 97**								
123	Total Sales Rev (P)&(U) Division 97			1,847,952	3,300,816	5,148,768	6,234,747	1,085,979	31.98%
124	Total Transp Rev (P)&(U) Division 97			27,720	202,060	229,780	249,969	20,189	0.59%
125	Other Revenues			67,048		67,048	67,048		
126	**Total (P)&(U) Division 97**			$1,942,720	$3,502,876	$5,445,596	$6,551,764	$1,106,168	32.58%
127									

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 1: Calculate Customer Charge Margin & Volumetric Rates Existing Customer and Volume levels
Utilize Result to spread increase evenly among each Existing Tariff/maintain existing margin contribution

Rate Design as result of consolidating customer charges & blocks

Line No.	Description		New Cust Chg	Rev. Neutral Base Rate	Redesigned Cust Chg Margin	Redesigned Vol. Margin	Total Redesigned Margin	Total Margin With Inc.	Increase Allocation By Existing Class	Percent of Normalized Margin
	(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
128	**Missouri - (G) Division 29**									
129	General Gas Service - Residential	$	9.00	$0.2549	44,838	79,053	123,891	150,022	26,131	0.77%
130	General Gas Service - Commercial/PA	$	22.00	$0.1921	15,004	17,528	32,532	39,394	6,862	0.20%
131	Other Revenues				1,352		1,352	1,352		
132	**Total Missouri (G) Division 29**				61,194	96,581	157,775	190,768	32,993	0.97%
133										
134	**Grand Totals Missouri**				$7,887,846	$8,928,077	$16,815,923	$20,211,520	$3,395,597	100.00%
135										
136	Total Sales				7,660,441	7,214,358	14,874,799	18,012,253	3,137,454	92.40%
137	Total Transp				79,200	1,713,719	1,792,919	2,051,062	258,143	7.60%
138	Other				148,205	0	148,205	148,205		
139					$7,887,846	$8,928,077	$16,815,923	$20,211,520	$3,395,597	100.00%

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 2: Determine Rates at EXISTING tariff level
(Includes impact of keeping Companion Rates aligned)

		Rate Design as result of filed Increase				
Line No.	Description	New Cust Chg	New Base Rate	Margin Cust Chg	Margin Vol. Chg	Total Margin
	(a)	(b)	(c)	(d)	(e)	(f)
1	**KIRKSVILLE - (K) DIVISION 70**					
2	Residential Firm	$ 9.00	$0.08267	$549,441	$324,267	$873,708
3	Small Firm General Service	$ 22.00	$0.07053	230,010	176,265	406,275
4	Large Inter. Service	$ 240.00	$0.10785	12,240	109,864	122,104
5	Total Kirksville Sales Revenue			791,691	610,396	1,402,087
6						
7	Transportation Large IT	$ 265.00	$0.10785	6,360	237,144	243,504
8	Other Revenues			9,498		9,498
9	**Total Kirksville**			$807,549	$847,540	$1,655,089
10						
11						
12	**BUTLER - (B) DIVISION 71**					
13	Residential Firm	$ 9.00	$0.20915	348,093	513,009	861,102
14	Small Firm General Service	$ 22.00	$0.19533	134,310	215,814	350,124
15	Large Inter. Service	$ 240.00	$0.13898	14,400	138,524	152,924
16	Total Butler Sales Revenue			496,803	867,348	1,364,151
17						
18	Natural Gas Tranpsort - Ind					
19	Other Revenues			6,427		6,427
20	**Total Butler**			$503,230	$867,348	$1,370,578
21						
22	**SEMO - (S) DIVISION 72**					
23	. Residential Firm	$ 9.00	$0.14187	3,337,929	2,795,575	6,133,504
24	Small Firm General Service	$ 22.00	$0.13378	1,126,224	1,557,243	2,683,467
25	Large Firm General Service					
26	Large Inter. Service					
27	Total SEMO Sales Revenue			4,464,153	4,352,818	8,816,971
28						
29	Flex Transportation Contract - Ind	[illegible]	[illegible]	[illegible]	282,230	282,530
30	Transportation FERC rate - HandBill	$ 25.00	$0.01771	300	152,141	152,441
31	Transportation Large Inter.	$ 265.00	$0.10917	44,520	1,082,980	1,127,500
32	Transportation - Lrg Vol > 550,000 Ccf					
33	Total SEMO Tranportation			45,120	1,517,351	1,562,471
34						
35	Other Revenues			63,880		63,880
36	**Total SEMO**			$4,573,153	$5,870,169	$10,443,322
37						

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 2: Determine Rates at EXISTING tariff level
(Includes impact of keeping Companion Rates aligned)

Line No.	Description	New Cust Chg	New Base Rate	Margin Cust Chg	Margin Vol. Chg	Total Margin
		Rate Design as result of filed Increase				
	(a)	(b)	(c)	(d)	(e)	(f)
38	**MISSOURI - (P)&(U) DIVISION 97**					
39	**- Palmyra (P)97**					
40	Residential Gas Service	$ 9.00	$0.12039	132,723	117,359	250,082
41						
42	Small General Gas Service					
43	Winter Volumes	$ 22.00		48,554		48,554
44	Block 1: 0 - 600		$0.07706		47,503	47,503
45	Block 2: Over 600					
46						
47	Summer Volumes					
48	Block 1: 0 - 600					
49	Block 2: Over 600					
50	Total Small General Gas Service			48,554	47,503	96,057
51						
52	Large General Gas Service					
53	Winter Volumes					
54	Summer Volumes					
55	Total Large General Gas Service					
56						
57	Large Volume Service >15,000 Ccf/mth					
58	Winter (Nov-Mar) LVI	$ 240.00		2,880		2,880
59	Block 1: 0 - 30,000		$0.04024		1,599	1,599
60	Block 2: Over 30,000					
61						
62	Summer (Apr-Oct) LVK					
63	Block 1: 0 - 30,000					
64	Block 2: Over 30,000					
65	Total Large Volume Sales			2,880	1,599	4,479
66						
67	Total Palmyra Sales Revenue			$184,157	$166,461	$350,618
68						
69	Transportation Large Vol >15,000 Ccf/mth					
70	Winter (Nov-Mar)	$ 265.00		6,360		6,360
71	Block 1: 0 - 30,000		$0.04024		23,566	23,566
72	Block 2: Over 30,000					
73						
74	Summer (Apr-Oct)					
75	Block 1: 0 - 30,000					
76	Block 2: Over 30,000					
77	Total Large Volume Transportation			6,360	23,566	29,926
78						
79	Transp Special Contract - Alt Fuel					
80	Total Palmyra Transportation Revenue			6,360	23,566	29,926
81						
82	**- Total Palmyra (P)97 Sales & Transp**			$190,517	$190,027	$380,544
83						

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 2: Determine Rates at EXISTING tariff level
(Includes impact of keeping Companion Rates aligned)

		Rate Design as result of filed Increase				
Line No.	Description	New Cust Chg	New Base Rate	Margin Cust Chg	Margin Vol. Chg	Total Margin
	(a)	(b)	(c)	(d)	(e)	(f)
84	**- Missouri (U)97**					
85	Residential Gas Service	$ 9.00	$0.30288	1,237,743	2,835,652	4,073,395
86						
87	General Gas Service					
88	Winter (Nov-Apr)	$ 22.00		410,212		410,212
89	Block 1: 1 - 600		$0.25263		1,239,559	1,239,559
90	Block 2: Over 600					
91						
92	Summer (May-Oct)					
93	Block 1: 1 - 600					
94	Block 2: Over 600					
95	Total General Gas Service			$410,212	$1,239,559	$1,649,771
96						
97	Large Volm Srvc - Sales					
98	LVS/LGS	$ 120.00		15,840		15,840
99	Minimum Billing - 0 - 8,250 Ccf		$0.12813		144,243	144,243
100	Over 8,250 Ccf					
101	Total LVS Sales			15,840	144,243	160,083
102						
103	Total Missouri (U) Sales Revenues			$1,663,795	$4,219,454	$5,883,249
104						
105	Transp Special Contract-LVS	[redacted]	[redacted]	[redacted]	[redacted]	133,768
106						
107	Transp School Pilot - LVS Handbill	$ 120.00		1,440		1,440
108	Minimum Billing - 0 - 8,250 Ccf		$0.12813		9,385	9,385
109	Over 8,250 Ccf					
110	Aggregation Charge		$0.00400		293	293
111				1,440	9,678	11,118
112	Transp Large Volm Srvc					
113	LVS Handbill	$ 265.00		12,720		12,720
114	AMRD charge (automated meter read)					
115	Minimum Billing - 0 - 8,250 Ccf		$0.07754		63,316	63,316
116	Over 8,250 Ccf					
117	Total LVS Transp			12,720	63,316	76,036
118						
119	Total Missouri (U) Transportation			$21,360	$199,562	$220,922
120						
121	**- Total Missouri (U)97 Sales & Transp**			$1,685,155	$4,419,016	$6,104,171
122	**Total (P)&(U) Division 97**					
123	Total Sales Rev (P)&(U) Division 97			1,847,952	4,385,915	6,233,867
124	Total Transp Rev (P)&(U) Division 97			27,720	223,128	250,848
125	Other Revenues			67,048		67,048
126	**Total (P)&(U) Division 97**			$1,942,720	$4,609,043	$6,551,763
127						

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 2: Determine Rates at EXISTING tariff level
(Includes impact of keeping Companion Rates aligned)

Line No.	Description (a)		New Cust Chg (b)	New Base Rate (c)	Margin Cust Chg (d)	Margin Vol. Chg (e)	Total Margin (f)
			Rate Design as result of filed Increase				
128	**Missouri - (G) Division 29**						
129	General Gas Service - Residential	$	9.00	$0.33920	44,838	105,184	150,022
130	General Gas Service - Commercial/PA	$	22.00	$0.26733	15,004	24,390	39,394
131	Other Revenues				1,352		1,352
132	**Total Missouri (G) Division 29**				$61,194	$129,574	$190,768
133							
134	**Grand Totals Missouri**				$7,887,846	$12,323,674	$20,211,520
135							
136	Total Sales				7,660,441	10,346,052	18,006,493
137	Total Transp				79,200	1,977,623	2,056,823
138	Other				148,205	0	148,205
139					$7,887,846	$12,323,674	$20,211,520

Atmos Energy Corporation
Missouri Distribution System
Rate Design Analysis
Twelve Months Ended September 30, 2005

Step 3: Determine Rates at THREE GEOGRAPHIC AREAS
(Includes impact of keeping Companion Rates aligned)

Rate Design Utilizing Three Geographic Areas

Line No.		Total MO Adjusted Counts	Total MO Adjusted Ccf Volumes	New Cust Chg	New Base Rate	Total Rev With New Cust Chg	Total Rev With New Vol. Margin	Total Margin
1	**WESTERN MISSOURI (f/n/a 29 & 71)**							
2	Residential	43,659	2,762,889	$ 9.00	$0.22375	$392,931	$618,193	$1,011,124
3	Small General Service	6,787	1,196,082	$ 22.00	$0.20083	149,314	240,204	389,518
4	Large Inter. Service	60	996,703	$ 240.00	$0.13898	14,400	138,524	152,924
5	Total Sales Revenue	50,506	4,955,674			556,645	996,922	1,553,567
6								
7	Transportation							
8	Other Revenues					7,779		7,779
9	**Total Western**					$564,424	$996,922	$1,561,346
10								
11	**SOUTHERN MISSOURI**							
12	Residential	370,881	19,705,838	$ 9.00	$0.14187	3,337,929	2,795,575	6,133,504
13	Small General Service	51,192	11,640,187	$ 22.00	$0.13378	1,126,224	1,557,243	2,683,467
14								
15	Total Residential/General Service	422,073	31,346,025			4,464,153	4,352,818	8,816,971
16								
17	Flex Transportation Contract - Ind							282,530
18	Transportation FERC	12	8,590,703	$ 25.00	$0.01771	300	152,141	152,441
19	Large Inter. Service	168	9,919,709	$ 265.00	$0.10917	44,520	1,082,980	1,127,500
20	Total Transportation Revenue	192	30,781,272			45,120	1,517,351	1,562,471
21	Other Revenues					63,880		63,880
22	**Total Southern**					$4,573,153	$5,870,169	$10,443,322
23								
24	**NORTHERN MISSOURI (f/n/a 70 & 97)**							
25	Residential	213,323	14,259,619	$ 9.00	$0.22983	1,919,907	3,277,279	5,197,186
26	Small General Service	31,308	8,022,147	$ 22.00	$0.18241	688,776	1,463,327	2,152,103
27	Large General Service	132	1,125,731	$ 120.00	$0.12813	15,840	144,243	160,083
28	Total Residential/General Service	244,763	23,407,497			2,624,523	4,884,848	7,509,371
29	Large Inter. Service	63	1,058,379	$ 240.00	$0.09347	15,120	98,922	114,042
30	Total Sales Revenue	244,826	24,465,876			2,639,643	4,983,770	7,623,413
31	Large Volume Services:							
32	Large Firm Transportation	12	73,248	$ 120.00	$0.12813	1,440	9,385	10,825
33	School Transp. Aggregation Charge				$0.0040		293	293
34	Large Inter. Transportation	96	3,600,981	$ 265.00	$0.09347	25,440	336,567	362,007
35	Large Special Contract Transportation							133,768
36		168	6,062,300			34,080	472,813	506,893
37								
38	Other Revenues					76,546		76,546
39	**Total Northern**					$2,750,269	$5,456,583	$8,206,852
40								
41								
42	Statewide Totals:							
43	Total Sales	717,405	60,767,575			7,660,441	10,333,511	17,993,952
44	Total Transp	360	36,843,572			79,200	1,990,164	2,069,364
45	Other					148,205	-	148,205
46		717,765	97,611,147			7,887,846	12,323,674	20,211,520

Atmos Energy Corporation
Missouri Distribution System
Calculation of Change in Total Bill

Currently Effective Rates (PGA's exclusive of ACA's)

Line (a)	Division (b)	Class (c)	Customer Charge (d)	Average Annual Ccf (e)	Base Dist. Rate (f)	GCA (g)	Commodity Charge (h)	Total Commodity Charge (i)	Total Bill (j)
1	KIRKSVILLE - (K) DIVISION 70	Residential Firm Service	$7.00	771	$0.07500	$1.19527	$ 1.2703	$ 979.38	$ 1,063.38
2		Small General Service	12.50	2,868	0.08196	1.19527	1.2772	3,663.48	3,813.48
3		Large Interruptible Service	240.00	239,682	0.09093	1.04181	1.1327	271,497.50	274,377.50
4		Large Interruptible Trans. Service	265.00	1,099,381	0.08673	0.00000	0.0867	95,349.27	98,529.27
5									
6	BUTLER - (B) DIVISION 71	Residential Firm Service	$7.00	761	0.17954	1.06646	1.2460	948.21	1,032.21
7		Small General Service	12.50	2,172	0.19263	1.06646	1.2591	2,734.37	2,884.37
8		Large Interruptible Service	156.40	199,341	0.11729	1.02998	1.1473	228,697.49	230,574.29
9									
10	SEMO - (S) DIVISION 72	Residential Firm Service	$7.00	638	0.12529	1.17421	1.2995	828.56	912.56
11		Small General Service	12.50	2,316	0.13619	1.17421	1.3104	3,034.36	3,184.36
12		Large General Service	215.00	73,024	0.09790	1.05499	1.1529	84,188.06	86,768.06
13		Large Interruptible Trans. Service	240.00	708,551	0.08980	0.00000	0.0898	63,627.84	66,507.84
14		Large Interruptible Trans. Service SC	[redacted]						
15									
16	MISSOURI - (P) DIVISION 97	Residential Firm Service	9.05	793	0.07495	0.99520	1.0702	848.84	957.44
17		Small General Service	$9.05	3,368	0.11143	0.99520	1.1066	3,726.69	3,835.29
18		Large General Service	$65.80	2,152	0.09120	0.99520	1.0864	2,338.04	3,127.64
19		Large Interruptible Service	$409.30	39,730	0.03555	0.92180	0.9574	38,035.52	42,947.12
20		Large Interruptible Trans. Service	$409.30	292,830	0.02230	0.00000	0.0223	6,530.11	11,441.71
21									
22	MISSOURI - (U) DIVISION 97	Residential Firm Service	$7.25	817	0.25280	0.99520	1.2480	1,019.49	1,106.49
23		Small General Service	15.00	3,158	0.28010	0.99520	1.2753	4,027.14	4,207.14
24		Large General Service	120.00	102,339	0.06890	0.99520	1.0641	108,899.14	110,339.14
25		Large Interruptible Trans. Service	145.00	204,140	0.06890	0.00000	0.0689	14,065.25	15,805.25
26		Large Interruptible Trans. Service SC	[redacted]						
27									
28	Missouri - (G) Division 29	Residential Firm Service	$5.00	746.9	0.31920	1.10430	1.4235	1,063.21	1,123.21
29		Small General Service	5.00	1,605.3	0.31920	1.10430	1.4235	2,285.14	2,345.14

Atmos Energy Corporation
Missouri Distribution System
Calculation of Change in Total Bill

Schedule No. PJC-2
Page 2 of 2

Proposed Consolidating Base Rates in THREE AREAS & PGAs Statewide (exclusive of ACAs)

Line (a)	Division (b)	Class (c)	Customer Charge (d)	Average Annual Ccf (e)	Base Dist. Rate (f)	GCA (g)	Commodity Charge (h)	Total Commodity Charge (i)	Total Bill (j)	Percentage Change (k)	Dollar Change (l)
1	KIRKSVILLE - (K) DIVISION 70	Residential Firm Service	$9.00	771	$ 0.22983	$ 1.04630	$ 1.2761	$ 983.90	$ 1,091.90	2.7%	$ 28.52
2	***PROPOSED NORTHERN***	Small General Service	22.00	2,868	0.18241	1.04630	1.2287	3,524.31	3,788.31	-0.7%	(25.17)
3		Large Interruptible Service	240.00	239,682	0.09347	0.97540	1.0689	256,188.05	259,068.05	-5.6%	(15,309.45)
4		Large Interruptible Trans. Service	265.00	1,099,381	0.09347	0.00000	0.0935	102,754.70	105,934.70	7.5%	7,405.43
5											
6	BUTLER - (B) DIVISION 71	Residential Firm Service	$9.00	761	0.22375	1.04630	1.2701	966.51	1,074.51	4.1%	42.30
7	***PROPOSED WESTERN***	Small General Service	22.00	2,172	0.20083	1.04630	1.2471	2,708.39	2,972.39	3.1%	88.02
8		Large Interruptible Service	240.00	199,341	0.13898	0.97540	1.1144	222,141.18	225,021.18	-2.4%	(5,553.11)
9											
10	SEMO - (S) DIVISION 72	Residential Firm Service	$9.00	638	0.14187	1.04630	1.1882	757.58	865.58	-5.1%	(46.98)
11	***PROPOSED SOUTHERN***	Small General Service	22.00	2,316	0.13378	1.04630	1.1801	2,732.59	2,996.59	-5.9%	(187.77)
12		Large General Service (now Small)	22.00	73,024	0.13378	1.04630	1.1801	86,173.57	86,437.57	-0.4%	(330.49)
13		Large Interruptible Trans. Service	265.00	708,551	0.10917	0.00000	0.1092	77,352.47	80,532.47	21.1%	14,024.63
14		Large Interruptible Trans. Service SC	[redacted]								
15											
16	MISSOURI - (P) DIVISION 97	Residential Firm Service	9.00	793	0.22983	1.04630	1.2761	1,012.23	1,120.23	17.0%	162.79
17	***PROPOSED NORTHERN***	Small General Service	22.00	3,368	0.18241	1.04630	1.2287	4,137.80	4,401.80	14.8%	566.51
18		Large General Service	120.00	2,152	0.18241	1.04630	1.2287	2,644.31	4,084.31	30.6%	956.67
19		Large Interruptible Service	240.00	39,730	0.09347	0.97540	1.0689	42,466.05	45,346.05	5.6%	2,398.93
20		Large Interruptible Trans. Service	265.00	292,830	0.09347	0.00000	0.0935	27,369.65	30,549.65	167.0%	19,107.94
21											
22	MISSOURI - (U) DIVISION 97	Residential Firm Service	$9.00	817	0.22983	1.04630	1.2761	1,042.47	1,150.47	4.0%	43.98
23	***PROPOSED NORTHERN***	Small General Service	22.00	3,158	0.18241	1.04630	1.2287	3,880.02	4,144.02	-1.5%	(63.12)
24		Large General Service	120.00	102,339	0.12813	1.04630	1.1744	120,190.23	121,630.23	10.2%	11,291.09
25		Large Interruptible Trans. Service	265.00	204,140	0.09347	0.00000	0.0935	19,080.15	22,260.15	40.8%	6,454.90
26		Large Interruptible Trans. Service SC	[redacted]								
27											
28	Missouri - (G) Division 29	Residential Firm Service	$9.00	746.9	0.22375	1.04630	1.2701	948.60	1,056.60	-5.9%	(66.61)
29	***PROPOSED WESTERN***	Small General Service	22.00	1,605.3	0.20083	1.04630	1.2471	2,002.02	2,266.02	-3.4%	(79.12)

Atmos Energy Corporation
Missouri Distribution System
PGA Consolidation Summary

Schedule PJC-3 (NP)

Line	Area	Description	New Area	Upstream Demand (Factor D)	Annualized Gas Costs (Factor P)	Total w/o ACA	Variance to Statewide	Percent Variance to Statewide
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(f)	
1	All	Statewide		$0.07090	$0.97540	$1.04630	$0.00000	0.00%
2	**Common Upstream Interconnecting Pipelines**							
3	29 & 70	Kirksville & Greely combined		0.07460	1.03900	1.11360	0.06730	6.04%
4	97190 & 72	Neelyville and SEMO combined		0.07790	0.95260	1.03050	(0.01580)	-1.53%
5	71 & 97	Butler, Consolidated		0.05900	1.00890	1.06790	0.02160	2.02%
6	**Geographic Alignment**							
7	29 & 71	Butler & Rich Hill/Hume	WEMO	0.04450	1.03800	1.08250	0.03620	3.34%
8	72 & 97190	SEMO & Neelyville	SEMO	0.07790	0.95260	1.03050	(0.01580)	-1.53%
9	70 & 97	Kirksville & Consolidated	NEMO	0.07440	1.02050	1.09490	0.04860	4.44%
10	**Current Division Alignment**							
11	29	Rich Hill/Hume				1.10430	0.05800	5.25%
12	70	Kirksville				1.19527	0.14897	12.46%
13	71	Butler				1.06646	0.02016	1.89%
14	72	SEMO				1.17421	0.12791	10.89%
15	97190	Neelyville				0.88830	(0.15800)	-17.79%
16	97	Consolidated				0.99520	(0.05110)	-5.13%
17		Hannibal/Canton						
18		Bowling Green						
19		Palmyra						
20								

Note: Statewide and Combination alternatives were calculated based on same information utilized in February 2006 PGA filing. ACA's are excluded from analysis to get as straight a Upstream/Current Commodity comparison as possible without skewing the analysis with past over/under rates.

FILED[3]

DEC 20 2006

Missouri Public Service Commission

Exhibit No.:	
Issues:	Special Contracts
Witness:	Daniel I. Beck
Sponsoring Party:	MO PSC Staff
Type of Exhibit:	Direct Testimony
Case No.:	GR-2006-0387
Date Testimony Prepared:	September 13, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

DANIEL I. BECK

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

Jefferson City, Missouri
September 2006

****Denotes Highly Confidential Information****

NP

Staff Exhibit No. 126
Case No(s). GR-2006-0387
Date 11-30-06 Rptr PF

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 DANIEL I. BECK

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Daniel I. Beck, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 4 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Daniel I Beck
Daniel I. Beck

Subscribed and sworn to before me this 12th day of September, 2006.

ROSEMARIE RIEDL
MY COMMISSION EXPIRES June 1, 2009
NOTARY SEAL
COLE COUNTY
NOTARY PUBLIC STATE OF MISSOURI

Rosemarie Riedl
Notary Public

My commission expires June 1, 2009

DIRECT TESTIMONY

OF

DANIEL I. BECK

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

Q. Please state your name and business address.

A. My name is Daniel I. Beck and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. What is your present position with the Missouri Public Service Commission (MOPSC or Commission)?

A. I am employed by the Commission as the Supervisor of the Engineering Analysis Section, Energy Department, Utility Operations Division.

Q. Would you please review your educational background and work experience.

A. I graduated with a Bachelor of Science Degree in Industrial Engineering from the University of Missouri at Columbia. Upon graduation, I was employed by the Navy Plant Representative Office in St. Louis, Missouri as an Industrial Engineer. I began my employment at the Commission in November 1987, in the Research and Planning Department of the Utility Division (later renamed the Economic Analysis Department of the Policy and Planning Division) where my duties consisted of weather normalization, load forecasting, integrated resource planning, cost-of-service and rate design. In December 1997, I was transferred to the Tariffs/Rate Design Section of the Commission's Gas Department where my duties include weather normalization, annualization, tariff review, cost-of-service and rate design. Since June 2001, I have been in the Engineering Analysis Section of the Energy

Department, which was created by combining the Gas and Electric Departments. I am a Registered Professional Engineer in the State of Missouri. My registration number is E-26953.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to discuss the special contracts and the related effect on revenues.

SPECIAL CONTRACTS

Q. ** ______________________________ **

A. ** ______________________________ **

Q. ** ______________________________ **

A. ** ______________________________ **

Q. ** ______________________________ **

A. ** ______________________________

NP

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Q. ** ____ **

A. ** ____ **.

Q. ** ____ **

A. ** ____ **

Q. ** ____ **

A. ** ____

**

Q. **

**

A. **

**

Q. ** **

A. **

**

Q. **

**

A. **

**

Q. Does this conclude your direct testimony?

A. Yes, it does.