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Case No.:

Joint Application

Michael D. Walter

Rebuttal Testimony

IBEW Local 1439

GM-2000-312

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Missouri Public  
Service Commission

**REBUTTAL TESTIMONY**

**OF**

**MICHAEL D. WALTER**

Submitted on Behalf of  
International Brotherhood of Electrical Workers  
Local Union No. 1439,  
Affiliated with A.F.L.-C.I.O.

In the matter of the Joint Application of  
Atmos Energy Corporation and Arkansas  
Western Gas Company, d/b/a Associated Natural Gas Company

**Case No. GM-2000-312**

March 1, 2000

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
REBUTTAL TESTIMONY OF  
MICHAEL D. WALTER ON BEHALF OF  
THE INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS, LOCAL UNION 1439,  
AFFILIATED WITH A.F.L.-C.I.O  
CASE NO. GM-2000-312

1 Q. Please state your name and business address.

2 A. My name is Michael D. Walter and my business address is 2121 59<sup>th</sup>  
3 Street, St. Louis, Missouri 63110.

4 Q. By whom are you employed and in what capacity?

5 A. I am a Business Representative of the International Brotherhood of  
6 Electrical Workers Local Union No. 1439, which is affiliated with the  
7 A.F.L.-C.I.O. ("Local 1439").

8 Q. Please describe your duties as Business Representative of Local 1439.

9 A. I negotiate and administer contracts with various utility companies to  
10 which our members are employed. Local 1439 represents the outside  
11 physical employees of Associated Natural Gas Company ("ANG"), one of  
12 the Joint Applicants in this case, as certified by the National Labor  
13 Relations Board. The members of Local 1439 which are covered by the  
14 labor agreement with ANG are based in several locations throughout  
15 Missouri and northeastern Arkansas.

16 Q. Please describe your background/experience.

17 A. In 1979 I was hired by Union Electric Company after graduating from  
18 vocational school. I was employed by Union Electric until I was

1 appointed to my present position as Business Representative for the Union  
2 in 1995. During my tenure as Business Representative I have attended  
3 numerous labor-related classes and seminars. As a representative of the  
4 Union, I am responsible for the administration of two electric utility  
5 contracts and one gas utility contract, and I am also partially involved with  
6 the administration of three additional electric utility contracts.

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

8 A. The purpose of my testimony is to respond to the direct testimony filed in  
9 this case by Thomas R. Blose, Jr. on behalf of the Joint Applicants, Atmos  
10 Energy Corporation ("Atmos") and Arkansas Western Gas Company d/b/a  
11 Associated Natural Gas Company ("ANG"), and to present the concerns  
12 of Local 1439 regarding the proposed purchase of the Missouri assets of  
13 ANG by Atmos. Local 1439 is concerned that approval of the Joint  
14 Application would adversely affect the work opportunities, employment  
15 security and terms and conditions of employment of the ANG employees  
16 represented by Local 1439, and is also concerned with the detriment to  
17 customers which would result in the event that the Joint Application is  
18 approved and Atmos reduces the workforce or combines locations.

19 Q. Do you believe that the proposed transaction is detrimental to the public  
20 interest?

21 A. Yes.

22 Q. Please explain why.

1           A.     History has shown that as utilities merge and assets of utilities are  
2                   purchased, there are significant reductions in the workforce. These  
3                   reductions seem to occur in all aspects of the business. Utility companies  
4                   tend to centralize facilities resulting in the closing of local offices and  
5                   work headquarters. As the workforce is reduced, there becomes a need to  
6                   assign the employees to larger areas and increase the customer to  
7                   employee ratio. As the territory of responsibility becomes greater, there is  
8                   a significant concern that emergency response to hazardous situations,  
9                   such as a gas leak call, cannot be achieved in a reasonable length of time.  
10                  As a representative of the employees of ANG, the Union has reviewed the  
11                  territories and responsibilities of the gas serviceman and has expressed  
12                  concern that even at the present levels it appears that in many cases it is  
13                  not conceivable that the company can respond in the appropriate amount  
14                  of time to assure the safety of the customer and the community.

15          Q.     On page 5, lines 21 – 22 of his testimony, Mr. Blose stated that “Former  
16                  ANG employees located in Missouri will be given the opportunity to  
17                  continue their employment with Atmos’ United Cities Gas division.” Is  
18                  this consistent with the information you have received from Atmos  
19                  regarding how the proposed transaction will affect employees employed  
20                  by ANG?

21          A.     No, not really. In response to data requests submitted by Local 1439 to  
22                  Atmos, which responses were received **after** Mr. Blose filed his testimony  
23                  in this case, Atmos stated that it “does not have any plans finalized for the

1 staffing of the ANG-Missouri operations. Atmos Energy does not  
2 anticipate a final plan on staffing until subsequent to the closing of the  
3 sale” (Response to DR 3) and “Atmos Energy cannot make any final  
4 decisions on staffing levels until subsequent to the closing of the sale”  
5 (Response to DR 16). Furthermore, I have been told that there will be a  
6 reduction of approximately one-third of the 91 employees who are to be  
7 transferred as stipulated in the sales agreement. However, subsequent to  
8 the reports by employees regarding the company’s statements, the Union  
9 was advised that there will not be a reduction or layoffs following final  
10 approval of the sale. The Union has requested commitments as to where  
11 the employees presently in Arkansas will be relocated in Missouri and  
12 there has been, to date, no response. The Company has been unwilling to  
13 commit to no layoffs as a result of the proposed transaction. With the  
14 uncertainty and uncommitted position of Atmos, it is difficult, if not  
15 impossible, to believe that the testimony of Mr. Blose will become reality.

16 Q. In what other ways will the employees be affected by the proposed  
17 transaction?

18 A. The collective bargaining agreement between ANG and Local 1439  
19 expires on June 1, 2000. This in itself raises many questions in regard to  
20 benefits and conditions of employment following the proposed sale. What  
21 guarantees do the employees have that the pension benefits will remain as  
22 negotiated once the contract expires and the sale becomes final? It has  
23 been stated, in response to data requests, that Atmos intends to bargain

1 with Local 1439, but the sale puts Local 1439 and ANG in a predicament  
2 in regard to bargaining a new agreement to replace the once which is  
3 about to expire. In reality, ANG will be bargaining benefits and  
4 conditions which will become the responsibility of Atmos. This raises the  
5 question of whether ANG has the ability or authority to negotiate a new  
6 contract for the potential Atmos employees or the remaining ANG  
7 employees. There is concern that benefits such as major medical, sick  
8 leave benefits, vacation benefits, 401(k) savings plan, etc., are at risk.  
9 Requests have been made by the Union to negotiate with both companies  
10 prior to final approval of the proposed sale by the Commission; however,  
11 there has been no commitment to do so by the Joint Applicants. In fact, it  
12 has been decided by Atmos to not negotiate until after the sale is closed.

13 Q. How would the customers be harmed in the event that the Joint  
14 Application is approved and Atmos reduces the workforce or combines  
15 locations?

16 A. As I have stated previously, it is Local 1439's opinion that the ability of  
17 the workforce to properly and safely serve the customers and their  
18 communities is presently at a bare minimum. Atmos has been unwilling  
19 to commit to no layoffs or workforce reductions following the sale. Local  
20 1439 does not believe that Atmos can reduce the workforce, outsource to  
21 potentially unconcerned companies with unqualified employees, and  
22 eliminate local facilities while providing safe and adequate service to the  
23 customers.

1 Q. Does Local 1439 believe that the Commission should deny and/or reject  
2 the Joint Application?

3 A. It is the position of Local 1439 that any consideration of “public  
4 interest” must take into account the impact of the proposed transaction  
5 on both employees and customers and that approval of the Joint  
6 Application, as proposed, would be detrimental to both the employees and  
7 customers of what is currently ANG for all of the reasons I have discussed  
8 above. However, under the proper conditions, these detriments could be  
9 eliminated. The Commission is the regulatory body to ensure that Atmos  
10 provides a safe and reliable service. If the Commission does not mandate  
11 certain safeguards, the detriments which I discussed previously can be  
12 expected. However, approval could be conditioned upon no layoffs or  
13 workforce reductions for two years, as previously requested by the Union,  
14 to ensure that the system continues to operate at the present level. Two  
15 years would give the Company sufficient time to observe the newly-  
16 acquired territory and become more knowledgeable about areas such as  
17 transmission lines and methods of construction and repair, which are  
18 different in the newly-acquired territory from the Company’s other service  
19 areas. If approval of the proposed transaction was so conditioned, it  
20 would no longer be detrimental to the public interest. However, approval  
21 of the proposed transaction without such conditions would be detrimental  
22 to the public interest, and the Joint Application should be denied/rejected  
23 by the Commission if not subject to such conditions.

1 Q. Does this conclude your testimony at this time?

2 A. Yes.



BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI

In the matter of the Joint Application of Atmos )  
Energy Corporation and Arkansas Western Gas )  
Company, d/b/a Associated Natural Gas Company, )  
for an order authorizing the sale and transfer of )  
certain assets of Associated Natural Gas Company )  
located in Missouri to Atmos Energy Corporation )  
and either authorizing the transfer of existing )  
Certificates of Public Convenience and Necessity )  
or granting a New Certificate of Public )  
Convenience and Necessity to Atmos Energy )  
Corporation in conjunction with same. )

Case No. GM-2000-312

AFFIDAVIT OF MICHAEL D. WALTER

STATE OF MISSOURI )  
 ) ss.  
CITY OF ST. LOUIS )

Michael D. Walter, having been duly sworn, upon his oath, states that he is Business Representative of the International Brotherhood of Electrical Workers, Local Union No. 1439, and as such, is duly authorized to make this affidavit on its behalf, and that the matters and things stated in the foregoing Rebuttal Testimony are true and correct to the best of his knowledge, information and belief.

Michael D. Walter  
Michael D. Walter

Subscribed and sworn to before me this 23 day of February, 2000.

Leo A. Beishir  
Notary Public

My Commission Expires: 8/21/2000  
(seal)

