

Exhibit No.:
Issue: Rebuttal Positions on Various Issues
Witness: Patricia J. Childers
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Atmos Energy Corporation
Case No.: GR-2006-0387
Date Testimony Prepared: October 31, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2006-0387

PREPARED REBUTTAL TESTIMONY

OF

PATRICIA J. CHILDERS

On Behalf of

ATMOS ENERGY CORPORATION

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 Increase for Natural Gas) Case No.: GR-2006-0387
Service in the Missouri Service Area of the Company)

AFFIDAVIT OF PATRICIA J. CHILDERS

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 of Rates and Regulatory Affairs for the Kentucky/Mid-States division of Atmos Energy Corporation.

2. Attached hereto and made part hereof for all purposes is my Rebuttal Testimony on behalf of Atmos Energy Corporation consisting of nine (9) pages which have been prepared in written form for introduction into evidence in the above-captioned docket.

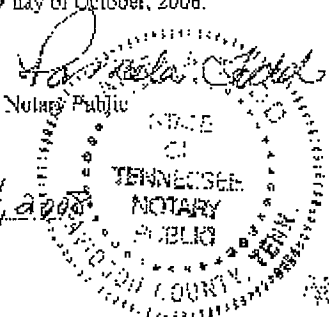
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Patricia J. Childers
Patricia J. Childers

Subscribed and sworn before me this 30th day of October, 2006.

My commission expires May 24, 2008

For Notary Public
Notary Public



My Comm. Expires 05-24-08

**BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. GR-2006-0387
PREPARED REBUTTAL TESTIMONY
OF
PATRICIA J. CHILDERS**

**On Behalf of
ATMOS ENERGY CORPORATION**

I. POSITION

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 Kentucky/Mid-States operations which includes Atmos' Missouri operations. My business address is 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067-6226.

Q. Did you present Direct Testimony in this proceeding?

A. Yes. I presented Direct Testimony in this docket on April 7, 2006. The direct testimony addressed how the Company has satisfied the Commission's minimum filing requirements; supported the Company's request to recover the gas cost portion of uncollectibles through the purchased gas adjustment clause; supported the rate design and rates proposed by Company in this filing; and supported the Company's request to partially consolidate the base rates and fully consolidate the purchased gas adjustment for the six Missouri areas served by Atmos.

1 **II. PURPOSE OF TESTIMONY**

2 **Q. What is the purpose of your rebuttal testimony?**

3 A. The purpose of my rebuttal testimony is to address certain issues raised by various
4 Commission Staff ("Staff") witnesses in their direct testimony filed on September
5 13, 2006 (revenue requirements) and September 26, 2006 (rate design).

6 **Q. Did the Office of Public Counsel (OPC) file any testimony regarding the**
7 **revenue requirement in this proceeding?**

8 A. No. OPC has not filed any testimony in this case regarding the overall revenue
9 requirement. The only two issues raised by OPC in this proceeding are rate
10 design and class cost of service. Gary Smith will present Atmos' position
11 regarding OPC's direct testimony in his rebuttal testimony.

12 **III. ISSUES RAISED BY STAFF**

13 **Q. What issues have been raised by Staff that you would like to address?**

14 A. My rebuttal testimony will address the following issues raised by Staff in its
15 direct testimony: overall rate design; customer classes; consolidation of base rate
16 districts; consolidation of purchased gas adjustment ("PGA") districts; PGA filing
17 requirements; miscellaneous utility related charges; reconnection charges;
18 reporting related to seasonal shut-offs; economic development rider;
19 transportation tariffs; lost & unaccounted for gas; main extension tariffs; customer
20 service support center reporting and customer education; and the impact of these
21 items on the Company's overall revenue requirement.

1 **Q. Did the Company review Commission Staff witness Anne Ross' Delivery**
2 **Charge rate design proposal?**

3 A. Company witness Gary Smith has analyzed Commission Staff's direct testimony
4 related to rate design and offers a detailed analysis of how it compares to the
5 Company's proposal in this proceeding.

6 **Q. In summary what is Atmos' reaction to Staff's proposal?**

7 A. Atmos views Staff's Delivery Charge proposal favorably and is willing to accept
8 it with the minor modifications discussed in Mr. Smith's rebuttal testimony.

9 Atmos believes that Staff's proposed Delivery Charge in the context of this
10 proceeding would provide the Company with the ability to continue to operate at
11 the overall level of revenue that the Company's current tariffs are designed to
12 collect.

13 **Q. Are you saying that the Company would accept no overall rate increase if the**
14 **Commission were to accept Commission Staff's rate design proposal?**

15 A. After careful analysis, Atmos, in connection with the additional issues that I will
16 discuss later in my testimony, would accept no revenue increase in this
17 proceeding if the Commission were to accept the Delivery Charge rate design as
18 described in Commission Staff witness Ann Ross' direct testimony.

19 **Q. What is Atmos' response to Commission Staff's position regarding customer**
20 **classes?**

21 A. I have reviewed Commission Staff witness Ross' proposed customer classes
22 (Page 5; Line 11-23 of Ms. Ross' direct testimony) including the proposal to split
23 the general service class into a small and medium non-residential customer class

1 and setting the classes on a uniform basis across the entire state and have
2 concluded that it would be appropriate to have statewide classes on a uniform
3 basis and to break the non-residential general service into a small class and
4 medium class. I have also read Ms. Ross' proposal regarding the interruptible
5 sales class (Ross page 7 beginning on line 9 and continuing to page 8, line 9) and
6 do not oppose Staff's recommendations regarding interruptible sales service. I
7 would note that a change to interruptible sales should not impact any existing
8 special contract transportation customers on Atmos' system.

9 **Q. What is Atmos' response to Staff's position regarding base rate**
10 **consolidation, PGA consolidation and the additional PGA minimum filing**
11 **requirements proposed by Staff?**

12 A. After careful consideration of Staff's testimony on these issues, Atmos finds them
13 acceptable. Staff's proposal to consolidate base rates into three geographic areas
14 (Ross; page 4; lines 7-18 and page 5; lines 1-4) is very similar to what I offered in
15 my direct testimony (page 11; lines 5-10; page 13 lines 9-29). Staff's proposal to
16 consolidate the PGA into four areas (Staff witness Imhoff; page 8 line 13-26;
17 page 9 lines 1-8) is also acceptable to Atmos. Although Atmos proposed a
18 statewide consolidation in regards to the PGA, consolidation of the four areas
19 identified by Staff's direct testimony is certainly an important step in the right
20 direction. Finally, Atmos does not object to filing the information requested by
21 Staff witness Phil Lock in Schedule 3 to his direct testimony at the time of its
22 annual ACA filing.

1 **Q. What is Atmos' response to Commission Staff's position regarding**
2 **reconnection fees and other miscellaneous utility-related charges?**

3 A. Atmos is willing to accept Commission Staff Witness Ensrud's recommendations
4 related to miscellaneous utility-related charges and his recommendation regarding
5 a reconnection fee to offset any Delivery Charges avoided by customers due to
6 being disconnected from the system. Mr. Ensrud's miscellaneous utility-related
7 charges are outlined in his testimony on page 3, line 6 (NSF fee \$15); page 5, line
8 14 (connection/reconnection); page 6, line 1 (transfer of service). Mr. Ensrud's
9 avoided delivery charge reconnection proposal is outlined in his testimony
10 beginning on page 18 (line 5) and continuing to page 20 (line 6). The avoided
11 delivery charge would be a combination of the standard reconnection fee plus a
12 formula that determines the actual delivery charges avoided by disconnecting
13 service for a number of months during the year. In addition, the Company is
14 willing to provide annual reporting to the Commission regarding voluntary
15 (seasonal) shut-offs as determined by service order codes in the Company's
16 billing system. The purpose of this reporting will be to try and assist in
17 ascertaining any impacts to customers resulting from the implementation of the
18 Delivery Charge rate design.

19 **Q. Are there any areas which you would like to point out where the Company**
20 **and Staff have taken consistent positions in their filed cases?**

21 A. Yes. I would point out that Mr. Ensrud's testimony appears to support Atmos'
22 proposed Economic Development Rider (Atmos Witness Kerley, page 2 and
23 following). Mr. Ensrud's position is also consistent with Atmos' position

1 regarding changes to our transportation tariffs (Kerley, page 3, line 16 and
2 following), although Mr. Ensrud does propose some minor changes to the “cash-
3 out” provisions of the transportation section ((Ensrud page 10, line 6-20). Atmos
4 has no objection to incorporating this additional language into its transportation
5 tariffs. Mr. Ensrud also appears to support Atmos’ proposal to have a uniform
6 lost & unaccounted (L&U) for rate of 2% as described on page 56 of Atmos’
7 proposed tariffs in this proceeding (Ensrud page 11, line 11), although Mr.
8 Ensrud does qualify his position on L&U with some reporting conditions that he
9 believes should be imposed on the Company (Ensrud starting at page 11, line 16
10 and continuing to page 12, line 4).

11 **Q. Does Atmos agree with Mr. Ensrud’s recommendations that the Commission**
12 **impose fines if his concerns related to L&U are not alleviated?**

13 A. No. Atmos believes that any concerns related to L&U can be addressed through
14 reporting. However with a large number of interconnection points from upstream
15 pipelines and nearly 60,000 delivery points out of the system, it is an issue that
16 cannot be quickly resolved. Atmos is committed to keeping Staff informed of its
17 progress in getting this issue resolved in a cooperative manner.

18 **Q. Are there other areas of consistency between Staff and Company’s filed**
19 **positions?**

20 A. Mr. Ensrud advocates only one exception to the Company’s main extension
21 policy by proposing additional language on page 14, line 5-20 of his testimony
22 regarding refunds. Atmos accepts Commission Staff’s position and is willing to
23 add the language to the final tariffs approved in this case. Additionally, as Mr.
24 Ensrud points out on the same page, line 23-28, certain language was
25 unintentionally deleted by Company when preparing tariffs for filing. Atmos will

1 re-insert this language (as identified in Staff DR No. 116) when finalizing tariffs
2 in this proceeding.

3 **Q. What is the Company's response to Staff's recommendations regarding the**
4 **customer support center?**

5 A. Commission Staff witness Lisa Kremer makes three specific recommendations
6 concerning the customer support center on page 18 of her testimony. I have
7 considered each and my response is as follows: First, Atmos accepts Staff's
8 proposal that the new proposed maximum abandoned call rate (ACR) not exceed
9 9% and the average speed of answer (ASA) should not exceed 119 seconds.
10 Second, Atmos does not object to filing the statistics now reported on a quarterly
11 basis on a monthly basis following the conclusion of this docket. Further, Atmos
12 will keep the Commission and Staff informed of all plans to improve the
13 performance of call center services to Missouri customers as well as to inform the
14 Commission of any operational changes that would involve the answer of
15 Missouri customers' phone calls by Atmos' Waco customer service support
16 center. Lastly, Atmos will formalize and file with the Commission the data
17 request responses submitted to Staff related to disaster recovery plans at the
18 Company's three customer support centers.

19
20 **Q. Would the Company be willing to conduct any customer education efforts in**
21 **conjunction with the implementation of the Staff's proposed Delivery Charge**
22 **Rate Design?**

23 A. Yes. As suggested by Staff witness Ross (page 15, line 6 – 14), customer
24 education would be necessary to explain the Delivery Charge. The Company

1 would accomplish this customer education through bill inserts, information on its
2 website, and Q&A scripts for the customer support agents designed to ensure that
3 customers get the information they need.

4 **Q. Have any other customer education issues been raised informally in the**
5 **docket?**

6 A. Yes. Company and Staff have discussed issues related to budget billing. In order
7 to address possible customer confusion regarding the requirements of remaining
8 on budget billing, the Company is willing to increase its customer education
9 efforts related to the benefits and requirements of budget billing. This will
10 include bill insert information, information on the Company's website, and if a
11 request to be placed on budget billing is received by a customer call center agent,
12 the customer will be informed that payments must be made in a timely basis, and
13 be for at least the amount due on the bill in order to retain budget bill status.
14 Finally, once a year, the company will include budget billing information with
15 bills reminding customers of the requirements of budget billing.

16 **Q. Are their any specific revenue requirement issues that need to be addressed**
17 **by the Commission?**

18 A. Yes. Staff Witness Guy Gilbert makes recommendations regarding depreciation
19 and the Company's continuing property records (beginning on page 8 at line 18
20 and following). Atmos finds these recommendations acceptable, with the
21 exception of the non-compliance recommendation (page 9, line 3-6) which
22 suggests that the Commission should order Company to comply with the
23 Commission's rules regarding plant record keeping and that Company should be
24 ordered to file data to demonstrate compliance. The Company believes that the
25 non-compliance recommendation should be limited to the continuing property
26 records that were converted from prior acquisitions. The Company is willing to
27 address the vintage portion of the records related to assets that were converted out
28 of legacy systems of prior predecessor companies into Atmos plant record system
29 and to prepare a plan to resolve the problem. Further, Atmos is willing to meet
30 with Staff and obtain their concurrence that the plan will resolve Staff's concerns,

1 as well as submit a completion report. If the improvement plan is not completed
2 by the end of the first quarter following completion of this docket, Atmos would
3 file quarterly status reports with the Staff until the plan is completed.

4 **Q. What about the FAS 106 issue raised by Staff witness Hagemeyer?**

5 A. As mentioned on page 13 of Mr. Hagemeyer's testimony, the Company has
6 agreed to calculate and then fund a "catch-up" contribution to address funding not
7 made since Atmos' purchase of United Cities Gas Company in 1997 and
8 Associated Natural Gas in 2000.

9 **Q. Please summarize the Company's rebuttal testimony to Staff's direct**
10 **testimony.**

11 A. Company has thoroughly reviewed and compared its direct case with Staff's
12 direct case, analyzed and compared the various adjustments to the test period in
13 both cases and considered the impact of the Staff's proposed rate design in
14 connection with the other issues I have addressed in my rebuttal to Staff's direct
15 testimony. Company has concluded after this analysis that if the Commission
16 approves Staff's proposed rate design and resolves the other issues in a manner
17 consistent with Company's position as described in this rebuttal testimony, that
18 it will have a reasonable opportunity to earn a fair return at the revenue
19 requirement that its current tariffs are designed to collect.
20

21 **Q. Does this conclude your testimony?**

22 A. Yes.
23
24
25
26