

Exhibit No.:  
Issue: Rebuttal Positions on Various Issues  
Witness: Patricia J. Childers  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Atmos Energy Corporation  
Case No.: GR-2006-0387  
Date Testimony Prepared: November 13, 2006

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

**On Behalf of**  
**ATMOS ENERGY CORPORATION**

**November 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 Surrebuttal Testimony on behalf of Atmos Energy Corporation consisting of seven ( 7 ) 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 10th day of November, 2006.

Pamela Todd  
Notary Public

My commission expires May 27, 2008

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

My Commission Expires 05-27-08

**BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. GR-2006-0387  
PREPARED SURREBUTTAL 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. Are you the same Patricia J. Childers who previously filed Direct and Rebuttal Testimony in this case?**

A. Yes. I presented Direct Testimony in this docket on April 7, 2006 and Rebuttal Testimony on October 31, 2006.

**II. PURPOSE OF TESTIMONY**

**Q. What is the purpose of your surrebuttal testimony?**

A. The purpose of my surrebuttal testimony is to address certain issues raised by the Office of the Public Counsel (OPC) in Rebuttal Testimony filed on October 31,

1 2006. I will also address issues raised by Commission Staff witnesses in rebuttal  
2 testimony filed on October 31, 2006.

3 **Q. Is Atmos filing any other surrebuttal testimony?**

4 A. Yes. Gary Smith will be addressing the rate design issues raised by OPC. Dr.  
5 Donald Murry will be addressing the return on equity in the context of Atmos and  
6 Commission Staff both having a common recommendation regarding the revenue  
7 requirement.

8 **Q. After reviewing Staff's rebuttal testimony is it your opinion that Atmos and  
9 Staff have reached a common ground with respect to the issues in this case?**

10 A. Yes. After reviewing Staff's rebuttal testimony, it appears that the Staff and  
11 Company have no areas of disagreement remaining in this case. Specifically with  
12 regard to the overall revenue requirement, I would note the consistency between  
13 my rebuttal testimony on page 3, line 13-18, and Staff witness Stephen M.  
14 Rackers' rebuttal testimony page 2, lines 16-18, where he states, "The Staff  
15 believes that no change in cost of the service, on a total company basis, will still  
16 result in just and reasonable rates as a result of this case." Given Atmos' and  
17 Staff's agreement on the revenue requirement and the additional items outlined in  
18 my rebuttal testimony, Atmos is concerned with issues raised by the OPC and my  
19 surrebuttal testimony will focus on those issues.

20  
21 **III. ISSUES RAISED BY OPC IN SURREBUTTAL**

22 **Q. What issues have been raised by OPC that will be addressed in Atmos'**  
23 **surrebuttal testimony?**

1 A. Atmos' surrebuttal testimony will address the following issues raised by OPC in  
2 its rebuttal testimony: rate of return (Dr. Murry); Depreciation; Rate Design-  
3 Delivery Charge (Smith); Rate Design-Rates by Class; Rate Area Consolidation;  
4 and Miscellaneous Utility Charges.

5 **Q. What is Atmos' concern with the Deprecation issue raised by Mr.**  
6 **Trippensee?**

7 A. Mr. Trippensee has selectively pulled this item out of the revenue requirement to  
8 dispute. As indicated in my rebuttal testimony (page 8, line 16 and following),  
9 Atmos is committed to working with Staff to resolve the issues raised by Staff  
10 witness Guy Gilbert. It is anticipated that resolution of these issues will be  
11 completed prior to the next case filed by Atmos and that the 'negative  
12 amortization' issue that Mr. Trippensee finds objectionable will no longer be an  
13 issue.

14 **Q. What is Atmos' concern with the Ms. Meisenheimer's rate consolidation and**  
15 **rate design proposal regarding rates?**

16 A. As indicated her direct testimony, Ms. Meisenheimer's position is that existing  
17 classes and rate districts should be maintained and she is opposed to any type of  
18 consolidation. In addition, she proposes in her direct testimony (page 2, line 20  
19 and following) that rate design issues be spun off to another docket. The  
20 Company believes that this rate case is clearly the most appropriate forum to  
21 address these issues.

22 **Q. Would a separate docket be an efficient use of all of the resources of the**  
23 **parties?**

1 A. No. The parties have invested considerable amount of time and resources  
2 addressing the issues in this docket, including Staff's CCOS analysis which  
3 provides a basis for establishing rates on a cost supported basis.

4 **Q. What have you done to address the concerns raised by Ms. Meisenheimer?**

5 A. Utilizing Staff's billing determinants in this case, I have developed a set of rates  
6 based on uniform statewide classes and non-base rates in three geographic areas  
7 utilizing the sculpted residential Delivery Charge rate design proposed by Mr.  
8 Smith in his rebuttal testimony and the Delivery Charge rate design proposed by  
9 Ms. Ross for small and medium non-residential general classes. I then evaluated  
10 the impact of these rates on each of Atmos' existing rate districts and the  
11 residential, small general, and medium general classes within each district.  
12 Attached to my surrebuttal testimony is PJC SURREB – 1 which is a summary of  
13 the rates that would be implemented if these rates, which are consistent with both  
14 Atmos' and Staff's positions, are adopted by the Commission. Also attached to  
15 my surrebuttal testimony is PJC SURREB -2 which is the class level impact.

16 **Q. Do you have any concerns regarding Ms. Meisenheimer's testimony**  
17 **concerning PGA consolidation?**

18 A. Yes. Ms. Meisenheimer also opposes any PGA consolidation. As I indicated in  
19 my rebuttal testimony (page 4, line 10 and following), the Company concurs with  
20 Staff witness Tom M. Imhoff's proposal to consolidate PGA's into four areas.  
21 Although the four PGA areas don't align exactly (Kirksville is the exception) with  
22 the geographic non-gas rates, they are substantially the same in most areas, and  
23 therefore the benefits of bill comparability will be achieved if the Commission

1 adopts the four areas as recommended by Staff and Atmos. Consequently, the  
2 Company believes that OPC's 'status quo' regarding PGA's should be rejected.

3 **Q. What is Atmos' response to OPC's recommendations regarding**  
4 **miscellaneous utility charges?**

5 A. Although Ms. Meisenheimer does not offer any type of adjustment to the  
6 Company's revenue requirement to adjust for seasonal customers, she believes  
7 that it is appropriate to allow customers to disconnect during the non-winter  
8 months and not pay for the costs associated with providing utility service. Her  
9 arguments against collecting lost revenue as a result of seasonal customers  
10 leaving the system would be more consistent if she made some type of adjustment  
11 to the non-gas revenue to account for the lost revenue. However, Ms.  
12 Meisenheimer has not proposed any such adjustment and she appears to simply  
13 expect the Company to absorb the lost revenue despite the fact that fixed costs  
14 remain the same during the seasonal customer's absence. It is the Company's  
15 position that the Commission should reject her position and adopt the  
16 miscellaneous utility charges recommended by Staff Witness Ensrud.

17 **Q. Is the Company in agreement that customer education is important in**  
18 **regards to the Delivery Charge rate design proposal?**

19 A. Yes. As I indicated in my rebuttal testimony (page 7, line 20 and following), the  
20 Company is committed to educating customers about the the Delivery Charge  
21 prior to and during implementation to ensure that they are aware of it and assist in  
22 their understanding of it.

23 **Q. Should the Commission be concerned with Ms. Meisenheimer's contention**  
24 **that "...Atmos' customers have not been appropriately notified that this**

1        **drastic departure from traditional rulemaking is being proposed in this**  
2        **case?”**

3        A.    No. Atmos and the Commission have complied with all Commission  
4        requirements related to customer notice in this case.

5        **Q.    Are there any issues in the Company’s rebuttal testimony that need**  
6        **clarification?**

7        A.    Yes, there is an issue regarding one of Staff witness Lisa Kremer’s proposals  
8        concerning the call center on p. 18 of her direct testimony. In my rebuttal  
9        testimony (page 7, lines 7-9), I characterized the recommended call center metrics  
10       (ACR and ASA) as being “new”. However, these performance measures were  
11       established by a unanimous stipulation and agreement in Case No. GM-2000-312  
12       which was approved by the Commission at the time of Atmos’ acquisition of  
13       Associated Natural Gas (ANG). The Company acknowledges this fact, and  
14       accepts Staff recommendation to continue these metrics at the stated levels  
15       (Kremer Direct, page 18) going forward.

16       **Q.    Are there any additional issues that you would like to address?**

17       A.    Yes, I would like to point out that, as agreed with Staff, Atmos has made the FAS  
18       106 contribution of \$1,275,000 as recommended by Mr. Rackers in his rebuttal  
19       testimony (page 3). In addition, the Company has reviewed Staff witness Anne  
20       Ross’ rebuttal testimony (page 11) encouraging the Company to initiate an energy  
21       audit program which would be made available to all residential customers. Ms.  
22       Ross also recommends the development of a home weatherization program for at  
23       least 30 low income customers on an annual basis. Atmos agrees to implement  
24       these programs as described by Staff.

25       **Q.    Please summarize the Company’s position in this case.**

26       A.    As I mentioned in my rebuttal testimony, the Company has thoroughly reviewed  
27       and compared its direct case with Staff’s direct case, analyzed and compared the  
28       various adjustments to the test period in both cases and considered the impact of  
29       the Staff’s proposed rate design in connection with the other issues I have  
30       addressed in my rebuttal to Staff’s direct testimony. Company has concluded



1 after this analysis that if the Commission approves Staff's proposed rate design  
2 and resolves the other issues in a manner consistent with Company's position as  
3 described in my rebuttal testimony, that it will have a reasonable opportunity to  
4 earn a fair return at the revenue requirement that its current tariffs are designed to  
5 collect. The Commission should reject all recommendations made by the OPC in  
6 this case that are inconsistent with the rebuttal positions taken by Atmos and  
7 Staff.

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

9 **A. Yes.**

10

Staff Billing Determinants with MGS broken out										Atmos Proposed Residential, SGS, MGS Rate Design					
Line No.	District/Class	Revenues	Customer		Delivery Charge	Summer		Winter		Annual		Annual Volumetric Rate/cof			
			Bills	CCF's Usage		Del.Chrg.	Revenue	Del.Chrg.	Revenue	Delivery Chg. Revenue	Annual Volumetric Revenue				
1	Old Butler (71)														
2	Residential	\$722,109	38,677	2,514,034											
3	Small Gas Service	308,618	4,854	362,367											
4	Medium Gas Service	0	1,248	843,793											
5															
6	Old Greeley (29)														
7	Residential	\$126,374	4,982	317,869											
8	Small Gas Service	31,522	622	34,847											
9	Medium Gas Service	0	60	20,704											
10															
11	"Butler" Rate District														
12	Residential	\$648,483	43,659	2,831,903	\$19.43	\$15.00	\$377,325	\$25.46	\$471,158	\$848,483	\$848,483				
13	Small Gas Service	340,140	5,476	397,214	\$19.43	\$19.43	\$62,066	\$19.43	\$44,333	\$106,399	106,399				
14	Medium Gas Service	0	1,308	864,897	\$19.43	\$75.00	\$57,225	\$19.43	\$40,875	\$98,100	\$135,641	\$0.15690			
15	Total "Butler" Rate District	\$1,188,623	50,443	4,093,614			\$496,616	\$75.00	\$356,366	\$1,052,982	\$135,641	\$1,188,623			
16															
17	Kirksville (70)														
18	Residential	\$728,728	61,049	4,018,470											
19	Small Gas Service	337,986	7,770	735,263											
20	Medium Gas Service	0	2,868	1,793,757											
21															
22	Palmyra (97P)														
23	Residential	\$208,246	14,747	997,810											
24	Small Gas Service	76,562	1,698	320,876											
25	Medium Gas Service	0	480	292,745											
26															
27	Old UCG (excl Neelyville) (97U)														
28	Residential	\$3,360,356	132,685	9,487,300											
29	Small Gas Service	1,316,404	12,949	1,507,597											
30	Medium Gas Service	0	4,884	3,481,038											
31															
32	"Northeast" Rate District														
33	Residential	\$4,297,330	208,481	14,503,580	\$20.61	\$15.00	\$1,801,500	\$28.24	\$2,495,830	\$4,297,330	\$4,297,330				
34	Small Gas Service	1,730,932	22,417	2,563,736	\$20.61	\$20.61	\$269,508	\$20.61	\$192,506	\$462,014	462,014				
35	Medium Gas Service	0	8,052	5,667,540	\$20.61	\$75.00	\$352,275	\$20.61	\$251,625	\$603,900	\$665,018	\$0.11945			
36	Total "Northeast" Rate District	\$6,028,262	238,950	22,534,856			\$2,423,283	\$75.00	\$2,939,961	\$5,363,244	\$665,018	\$6,028,262			
37															
38	Old Southeast Missouri (72)														
39	Residential	\$5,139,948	370,881	20,204,770											
40	Small Gas Service	1,956,489	41,053	4,609,245											
41	Medium Gas Service	0	9,876	5,413,359											
42															
43	Neelyville (na)														
44	Residential	\$88,528	4,842	211,327											
45	Small Gas Service	39,710	825	101,991											
46	Medium Gas Service	0	0	0											
47															
48	"Southeast" Rate District														
49	Residential	\$5,228,476	375,723	20,416,097	\$13.92	\$10.00	\$2,163,440	\$19.23	\$3,065,036	\$5,228,476	\$5,228,476				
50	Small Gas Service	1,996,199	41,878	4,711,236	\$13.92	\$13.92	\$340,049	\$13.92	\$242,892	\$582,941	582,941				
51	Medium Gas Service	0	9,876	5,413,359	\$13.92	\$75.00	\$432,075	\$13.92	\$308,625	\$740,700	\$672,558	\$0.12424			
52	Total "Southeast" Rate District	\$7,224,675	427,477	30,540,692			\$2,935,564		\$3,616,553	\$6,552,117	\$672,558	\$7,224,675			

Atmos Energy Corporation  
Docket No. GR-2006-0387  
Calculation of Change in Total Bill

Currently Effective Rates (PGAs based on 11-2006 Filing)

Line	Division	Class	Customer Charge	Average Annual Ccf	Base Dist. Rate	PGA	Commodity Charge	Commodity Charge	Total Bill
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	BUTLER - (B) DIVISION 71	Residential Firm Service	\$7.00	761	0.17954	\$0.86930	1.0488	798.17	882.17
2		Small General Service	12.50	896	0.19263	0.86930	1.0619	951.49	1,101.49
3		Medium General Service	12.50	8,113	0.19263	0.86930	1.0619	8,615.44	8,765.44
4									
5									
6	MISSOURI - (G) DIVISION 29	Residential Firm Service	\$5.00	746.9	0.31920	0.86930	1.1885	887.69	947.69
7		Small General Service	5.00	672.0	0.31920	0.86930	1.1885	798.67	858.67
8		Medium General Service	5.00	4,141.0	0.31920	0.86930	1.1885	4,921.58	4,981.58
9									
10	KIRKSVILLE - (K) DIVISION 70	Residential Firm Service	\$7.00	771	\$0.07500	0.92020	0.9952	767.30	851.30
11		Small General Service	12.50	1,136	0.08196	0.92020	1.0022	1,138.45	1,288.45
12		Medium General Service	12.50	8,008	0.08196	0.92020	1.0022	8,025.30	8,175.30
13									
14									
15									
16	MISSOURI - (P) DIVISION 97	Residential Firm Service	9.05	793	0.07495	0.92020	0.9952	789.35	897.95
17		Small General Service	\$9.05	2,268	0.11143	0.92020	1.0316	2,339.74	2,448.34
18		Medium General Service	\$9.05	7,319	0.11143	0.92020	1.0316	7,550.50	7,659.10
19									
20									
21									
22									
23	MISSOURI - (U) DIVISION 97	Residential Firm Service	\$7.25	817	0.25280	0.92020	1.1730	958.22	1,045.22
24		Small General Service	15.00	1,397	0.28010	0.92020	1.2003	1,676.82	1,856.82
25		Medium General Service	15.00	8,553	0.28010	0.92020	1.2003	10,266.17	10,446.17
26									
27									
28									
29									
30	SEMO - (S) DIVISION 72	Residential Firm Service	\$7.00	638	0.12529	0.99830	1.1236	716.40	800.40
31		Small General Service	12.50	1,347	0.13619	0.99830	1.1345	1,528.16	1,678.16
32		Medium General Service	12.50	6,578	0.13619	0.99830	1.1345	7,462.68	7,612.68
33									
34									
35									

Atrnos Energy Corporation  
Docket No. GR-2006-0387  
Calculation of Change in Total Bill

Proposed Delivery Charge Rate Design: THREE Non-Gas Areas; FOUR PGA Areas;

Line	Division	Class	Delivery Charge (d)	Average Annual Ccf (e)	Base Dist. Rate (f)	PGA (g)	Commodity Charge (h)	Commodity Charge (i)	Total Bill (j)	Percentage Change (k)	Dollar Change (l)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	BUTLER - (B) DIVISION 71	Residential Firm Service	\$19.43	761	\$0.00000	\$0.86930	0.8693	661.54	894.70	1.4%	\$ 12.53
2		Small General Service	19.43	896	0.00000	0.86930	0.8693	778.89	1,012.05	-8.1%	\$ (89.44)
3		Medium General Service	75.00	8,113	0.15690	0.86930	1.0262	8,325.56	9,225.56	5.2%	\$ 460.12
4											
5											
6	MISSOURI - (G) DIVISION 29	Residential Firm Service	\$19.43	746.9	0.00000	0.86930	0.8693	649.28	882.44	-6.9%	\$ (65.25)
7		Small General Service	19.43	672.0	0.00000	0.86930	0.8693	584.17	817.33	-4.8%	\$ (41.34)
8		Medium General Service	75.00	4,141.0	0.15690	0.86930	1.0262	4,249.49	5,149.49	3.4%	\$ 167.91
9											
10	KIRKSVILLE - (K) DIVISION 70	Residential Firm Service	\$20.61	771	0.00000	0.92020	0.9202	709.47	956.79	12.4%	\$ 105.49
11		Small General Service	20.61	1,136	0.00000	0.92020	0.9202	1,045.35	1,292.67	0.3%	\$ 4.22
12		Medium General Service	75.00	8,008	0.11945	0.92020	1.0397	8,325.52	9,225.52	12.8%	\$ 1,050.22
13											
14											
15											
16	MISSOURI - (P) DIVISION 97	Residential Firm Service	\$20.61	793	0.00000	0.92020	0.9202	729.90	977.22	8.8%	\$ 79.27
17		Small General Service	20.61	2,268	0.00000	0.92020	0.9202	2,087.01	2,334.33	-4.7%	\$ (114.01)
18		Medium General Service	75.00	7,319	0.11945	0.92020	1.0397	7,609.20	8,509.20	11.1%	\$ 850.10
19											
20											
21											
22											
23	MISSOURI - (U) DIVISION 97	Residential Firm Service	\$20.61	817	0.00000	0.92020	0.9202	751.71	999.03	-4.4%	\$ (46.19)
24		Small General Service	20.61	1,397	0.00000	0.92020	0.9202	1,285.52	1,532.84	-17.4%	\$ (323.98)
25		Medium General Service	75.00	8,553	0.11945	0.92020	1.0397	8,892.13	9,792.13	-6.3%	\$ (654.04)
26											
27											
28											
29											
30	SEMO - (S) DIVISION 72	Residential Firm Service	\$13.92	638	0.00000	0.99830	0.9983	636.52	803.56	0.4%	\$ 3.16
31		Small General Service	13.92	1,347	0.00000	0.99830	0.9983	1,344.71	1,511.75	-9.9%	\$ (166.41)
32		Medium General Service	\$75.00	6,578	0.12424	0.99830	1.1225	7,384.07	8,284.07	8.8%	\$ 671.39
33											
34											
35											

[1] Although Atrnos' proposes sculpting the charge, on an annual basis, the Delivery Charge rate design is the same.