

Exhibit No.:	
Issue:	Noranda Contract
Witness:	Donald Johnstone
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Noranda
Case Numbers:	GR-2006-0387 GR-2010-0292
Date Prepared:	June 18, 2010

Atmos Energy Corporation

**GR-2006-0387
and
GR-2010-0292**

Direct Testimony of

Donald Johnstone

on behalf of the

Noranda Aluminum, Inc.

June 2010



Atmos Energy Corporation

GR-2006-0387
and
GR-2010-0192

Direct Testimony of Donald E. Johnstone

TABLE OF CONTENTS

INTRODUCTION - SUMMARY 1
TESTIMONY IN SUPPORT OF THE NORANDA CONTRACT RATE..... 2

Atmos Energy Corporation

GR-2006-0387
and
GR-2010-0192

Direct Testimony of Donald E. Johnstone

1 INTRODUCTION - SUMMARY

2 Q PLEASE STATE YOUR NAME AND ADDRESS.

3 A Donald E. Johnstone. My address is 384 Black Hawk Drive, Lake Ozark, MO 65049.

4 Q BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

5 A I am President of Competitive Energy Dynamics, L. L. C. My qualifications and
6 experience are set forth in Schedule 1 attached to this testimony.

7 Q ON WHOSE BEHALF ARE YOU APPEARING?

8 A I am appearing on behalf of Noranda Aluminum, Inc.(Noranda). Noranda is a customer
9 in the Southeastern Missouri District.

10 Q PLEASE SUMMARIZE YOUR TESTIMONY.

11 A Noranda adds its voice to Atmos' in support of the contract under which Atmos
12 provides service to Noranda.

13 Noranda testimony that addresses the contract is already a part of the record
14 as a consequence of the consolidation of Dockets GR-2006-0387 and GR-2010-0192.

15 That testimony includes a cost study that establishes the cost of service at a level

1 lower than the contract rate level and summarizes some of Noranda's efforts over a
2 period of years to obtain an acceptable rate.

3 TESTIMONY IN SUPPORT OF THE NORANDA CONTRACT RATE

4 Q PLEASE SUMMARIZE THE RATE PROPOSAL OF ATMOS AS IT RELATES TO NORANDA.

5 A Atmos supports the status quo. Service to Noranda would continue pursuant to the
6 rates terms and conditions of the confidential contract that has been in place since
7 2003 and by its terms will continue through 2012.

8 Q DO YOU AGREE AND ADD YOUR SUPPORT TO THAT OF ATMOS?

9 A Yes.

10 Q IS THERE NORANDA TESTIMONY THAT IS ALREADY A PART OF THE RECORD FOR
11 THESE CONSOLIDATED PROCEEDINGS?

12 A Yes, I am advised by my attorney that the Noranda testimonies submitted in Docket
13 No. GR-2006-0387 are a part of the record of these consolidated proceedings.

14 Q DO YOU HAVE ANYTHING TO ADD TO YOUR TESTIMONY SUBMITTED IN GR-2006-
15 0387?

16 A No. The testimony remains on point today and I will only provide a brief summary.

17 Q DO YOU AT THIS TIME HAVE ANYTHING TO ADD TO THE TESTIMONY OF MR.
18 SWOGGER THAT WAS SUBMITTED IN GR-2006-0387.

19 A No. Again, the testimony remains on point today and I will only provide a brief
20 summary. I regret his passing. He is missed.

1 Q PLEASE SUMMARIZE SOME OF THE CIRCUMSTANCES SURROUNDING THE CONTRACT
2 SERVICE THAT ATMOS PROVIDES TO NORANDA.

3 A Noranda has purchased interruptible natural gas transportation service from Atmos and
4 its predecessors for many years now. For a number of years the applicable tariff
5 prices were substantially above cost. The extent to which the rates were above cost
6 was reviewed in a detailed study that became part of the record in GR-97-272. The
7 case was not decided in Noranda's favor, but was appealed. Some of the litigation
8 history of that case is summarized in the testimony of Mr. Swogger. The 1997 study is
9 a part of my GR-2006-0387 testimony (that is already a part of the record in these
10 consolidated proceedings).

11 As explained in Mr. Swogger's testimony, the rates that had been charged
12 historically were so high that the cost of the facilities used to provide service to
13 Noranda had been paid to the utility many times over. After Noranda's efforts to
14 obtain a reasonable rate from Atmos' predecessors failed, Noranda pursued a bypass
15 as alternative approach to reducing its cost. The current contract with Atmos was the
16 response to preclude the bypass, although the rate remains somewhat above the cost
17 of the service.

18 The price charged currently pursuant to the contract, while above cost as
19 defined by the Noranda study, was accepted by Noranda when it entered the contract.
20 Noranda notes that Atmos has provided testimony in support of the contract and
21 respectfully adds its voice to the support.

22 Q DOES THIS CONCLUDE YOUR TESTIMONY?

23 A Yes it does.

Qualifications of Donald E. Johnstone

Q PLEASE STATE YOUR NAME AND ADDRESS.

A Donald E. Johnstone. My address is 384 Black Hawk Drive, Lake Ozark, MO 65049.

Q PLEASE STATE YOUR OCCUPATION.

A I am President of Competitive Energy Dynamics, L.L.C. and a consultant in the field of public utility regulation.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A In 1968, I received a Bachelor of Science Degree in Electrical Engineering from the University of Missouri at Rolla. After graduation, I worked in the customer engineering division of a computer manufacturer. From 1969 to 1973, I was an officer in the Air Force, where most of my work was related to the Aircraft Structural Integrity Program in the areas of economic cost analysis, data base design and data processing. Also in 1973, I received a Master of Business Administration Degree from Oklahoma City University.

From 1973 through 1981, I was employed by a large Midwestern utility and worked in the Power Operations and Corporate Planning Functions. While in the Power Operations Function, I had assignments relating to the peak demand and net output forecasts and load behavior studies which included such factors as weather, conservation and seasonality. I also analyzed the cost of replacement energy associated with forced outages of generation facilities. In the Corporate Planning Function, my assignments included developmental work on a generation expansion

planning program and work on the peak demand and sales forecasts. From 1977 through 1981, I was Supervisor of the Load Forecasting Group where my responsibilities included the Company's sales and peak demand forecasts and the weather normalization of sales.

In 1981, I began consulting, and in 2000, I created the firm Competitive Energy Dynamics, L.L.C. As a part of my thirty years of consulting practice, I have participated in the analysis of various electric, gas, water, and sewer utility matters, including the analysis and preparation of cost-of-service studies and rate analyses. In addition to general rate cases, I have participated in electric fuel and gas cost reviews and planning proceedings, policy proceedings, market price surveys, generation capacity evaluations, and assorted matters related to the restructuring of the electric and gas industries. I have also assisted companies seeking locations for new manufacturing facilities.

I have testified before the state regulatory commissions of Delaware, Hawaii, Illinois, Iowa, Kansas, Massachusetts, Missouri, Montana, New Hampshire, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia, and the Rate Commission of the Metropolitan St. Louis Sewer District.

**BEFORE THE
PUBLIC SERVICE COMMISSION OF MISSOURI**

In the Matter of Atmos Energy Corporation's Tariff)
Revision Designed to Consolidate Rates and) File No. GR-2006-0387
Implement a General Rate Increase for Natural Gas)
Service in the Missouri Service Area of Atmos)

In the Matter of Atmos Energy Corporation's)
Tariff Revision Designed to Implement a)
General Rate Increase for Natural Gas Service) File No. GR-2010-0292
in The Missouri Service Areas of the Company)

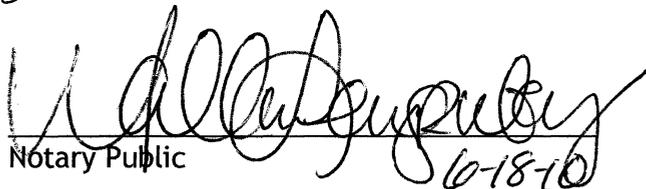
Affidavit of Donald E. Johnstone

State of Missouri)
County of Camden) SS

Donald E. Johnstone, being first duly sworn, on his oath states:

1. My name is Donald E. Johnstone. I am a consultant and President of Competitive Energy Dynamics, L. L. C. I reside at 384 Black Hawk Drive, Lake Ozark, MO 65049. I have been retained by Noranda Aluminum, Inc.
2. Attached hereto and made a part hereof for all purposes are my testimony and schedules in written form for introduction into evidence in the above captioned proceeding.
3. I hereby swear and affirm that my testimony is true and correct and show the matters and things they purport to show.


Donald E. Johnstone
June 18, 2010


Notary Public
6-18-10

My Commission expires:



MALLORY STEINGRUBEY
My Commission Expires
July 22, 2012
Camden County
Commission #08604768

Competitive Energy
DYNAMICS