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March 17 2006

Ms. Sharla Dillon Docket Manager  
Utilities Division  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

RE: Docket No. 03-00209 Responses to Staff Data Request dated March 3, 2006 – Gas Cost Portion of Uncollectible Accounts Under the PGA Rule.

Dear Ms. Dillon:

Enclosed are 13 copies of Atmos Energy's responses to Staff Data Request dated March 3, 2006 concerning the gas cost portion of uncollectible accounts under the PGA rule Docket 03-00209. We inadvertently sent the original to Pat Murphy. In talking to staff, they instructed me to send the remaining copies to you for distribution.

If you have any questions or concerns, please contact me at 1-972-855-9727 or Edwin.Wilkins@atmosenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Edwin Wilkins".

Edwin Wilkins  
Senior Analyst  
Rate Administration

Enclosures

pc: Consumer Advocate Division



March 16 2006

Ms. Pat Murphy, Manager  
Utilities Division  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

RE: Docket No. 03-00209 Responses to Staff Data Request dated March 3, 2006 – Gas Cost Portion of Uncollectible Accounts Under the PGA Rule.

Dear Ms. Pat Murphy:

Enclosed are Atmos Energy's responses to Staff Data Request dated March 3, 2006 concerning the gas cost portion of uncollectible accounts under the PGA rule Docket 03-00209.

If you have any questions or concerns, please contact me at 1-972-855-9727 or Edwin.Wilkins@atmosenergy.com.  
Sincerely,

A handwritten signature in black ink, appearing to read "Edwin Wilkins".

Edwin Wilkins  
Senior Analyst  
Rate Administration

Enclosures

pc: Consumer Advocate Division

# TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

## DELIVERED VIA US POSTAL SERVICE AND EMAIL

March 3, 2006

Ms. Pat Childers  
Vice President  
Atmos Energy  
Rates & Regulatory Affairs  
810 Crescent Centre Drive, Suite 600  
Franklin, TN 37067-6226

RE: Docket No. 03-00209 - Petition of Chattanooga Gas Company, Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. and United Cities Gas Company, a Division of Atmos Energy Corporation, for a declaratory ruling regarding the Collectibility of the gas costs portion of uncollectible accounts under the Purchased Gas Adjustment ("PGA") Rules.

Dear Ms. Childers:

As you are aware, on April 4, 2005, the TRA extended the experimental period of the modified refund adjustment formula for an additional one year period. This extension was approved in order to allow time for a review of each company's deferred gas cost accounting following the implementation of the modified formula. In addition to the specific activities directed by the Authority, the Authority directed that the Staff include any and all other activities that the staff deems appropriate.

In order for the TRA Staff to finalize its review, please respond to the attached data request on or before March 17, 2006. Please contact either Paul Greene or myself if you have any questions.

Sincerely,

*Pat Murphy*  
*by PG w/ permission*

Pat Murphy, Manager  
Utilities Division

c: Mr. Ed Wilkins, Senior Analyst, Rate Administration

**Staff Data Request**  
**March 3, 2006**

**GAS COST PORTION OF UNCOLLECTIBLE ACCOUNTS UNDER THE PGA  
RULE  
DOCKET 03-00209**

1. For each customer account number listed on Attachment 1 provide an Excel spreadsheet in electronic format detailing the following:
  - a. Customer Account Number
  - b. Date of each individual write-off on or after March 9, 2004
  - c. Total amount of each individual write-off
  - d. Amount of the total of each individual write-off that represents gas cost
  - e. Amount of the total of each individual write-off that represents margin
  - f. The gas cost percentage rounded to two decimal points (i.e., 65.27%) of each individual write-off
  - g. The margin percentage rounded to two decimal points of each individual write-off
  - h. Date of each individual payment made against each write-off after March 9, 2004
  - i. Total amount of each individual payment made against each write-off
  - j. Amount of each individual payment applied to gas cost
  - k. Amount of each individual payment applied to margin
  - l. The gas cost percentage rounded to two decimal points of each individual payment against the write-off
  - m. The margin percentage rounded to two decimal points of each individual payment against the write-off
  - n. The difference between the gas cost percentage of the original write-off and the gas cost portion of each individual payment made against the original write-off rounded to two decimal points
2. Explain in detail the cause of any variances shown in your response to (1.n.) above. If any variances exist explain if the accounting system can be modified to address the variances.
3. Describe fully the procedure(s) followed in allocating partial payments made to written off accounts between gas cost recovery and margin recovery.

**Please respond to the following questions with a yes or no answer and then explain.**

4. Some companies have shown a collection agency fee netted against the gas cost portion of recoveries. Staff realizes that monthly reports were submitted prior to the Motion that was adopted by the Authority at its April 4, 2005 Conference and the companies' Response to that Motion filed on June 1, 2005.
  - a. Has the company filed any monthly report showing a collection agency fee netted or to be netted against the gas cost portion of recoveries?
  - b. If the company responds affirmatively to (a.) above, can the company recast uncollectible reports excluding netting of the collection agency fee if requested to do so?

5. Is the company's accounting system capable of applying payments and partial payments against one or more written off accounts by applying the same percentage of each individual write-off to the recovery or multiple recoveries using the first-in-first-out method 100% of the time with no exceptions?

Example: (for one customer account)

Jan. 1	Write-off	\$100	Gas Cost	\$75	Margin	\$25
Mar. 4	Recovery	\$20	Gas Cost	\$15	Margin	\$5
June 24	Write-off	\$200	Gas Cost	\$100	Margin	\$100
Sept.4	Recovery	\$180	Gas Cost	\$110	Margin	\$70

## **ATMOS ATTACHMENT 1**

### **Union City**

262699 143528  
263106 144846  
263487 144316  
265062 145893  
346425 214366  
368680 230137  
4275460 222146

### **Other Than Union City**

102885 3876  
103231 4222  
120402 21410  
135360 36397  
139844 40872  
4635083 186396  
4646936 53850  
4696413 190103

**Atmos Energy Corporation**  
**Docket 03-00209 Response to Data Request March 3, 2006**

Question 1

**Tennessee Excluding Union City**

	Date	Customer and Premise No	Total Excluding Taxes	Total Gas Cost	Total Margin	Gas Cost %	Margin %	% Difference between Original Gas cost % and Recovery %	Reference
Write Off	7/1/2005	102885 3876	(207 91)	(157 78)	(50 13)	75 89%	24.11%		
Recovery	8/1/2005	102885 3876	23 43		23.43	0 00%	100 00%	75 89%	(1)
Recovery	9/1/2005	102885 3876	45 42	45 42	-	100 00%	0 00%	-24 11%	(1)
Recovery	2/1/2006	102885 3876	25 00	25 00	-	100 00%	0.00%	-24 11%	(1)
Total Written Off	7/1/2005	102885 3876	(207 91)	(157 78)	(50 13)	75 89%	24 11%		
Total Recovered		102885 3876	93 85	70 42	23 43	75 03%	24 97%		
Write Off	6/1/2004	103231 4222	(864 20)	(656 01)	(208.19)	75 91%	24 09%		
Recovery	12/1/2004	103231 4222	864.20	656 01	208 19	75 91%	24 09%	0 00%	
Recovery	1/1/2005	103231 4222	(559.84)	(448 91)	(110 93)	80 19%	19 81%	-4 28%	(1)
Recovery	2/1/2005	103231 4222	297 61	215 26	82 35	72 33%	27 67%	3 58%	(1)
Write Off	6/1/2005	103231 4222	(1,000 44)	(777 01)	(223 43)	77.67%	22 33%		
Total Written Off	6/1/2004	103231 4222	(864.20)	(656 01)	(208 19)	75 91%	24 09%		
Total Recovered		103231 4222	601 97	422 36	179.61	70 16%	29 84%		
Total Written Off	6/1/2005	103231 4222	(1,000 44)	(777 01)	(223 43)	77 67%	22 33%		
Write Off	4/1/2004	120402 21410	(528 07)	(397 66)	(130 41)	75 30%	24 70%		
Recovery	8/1/2004	120402 21410	2 05	-	2 05	0 00%	100 00%	75 30%	(1)
Recovery	9/1/2004	120402 21410	15 00	-	15 00	0 00%	100 00%	75 30%	(1)
Recovery	11/1/2004	120402 21410	15 00	-	15 00	0 00%	100 00%	75 30%	(1)
Recovery	12/1/2004	120402 21410	13 45	-	13 45	0 00%	100 00%	75 30%	(1)
Recovery	1/1/2005	120402 21410	17.59	17 59	-	100 00%	0 00%	-24.70%	(1)
Recovery	2/1/2005	120402 21410	20.00	20 00	-	100 00%	0 00%	-24 70%	(1)
Recovery	3/1/2005	120402 21410	202 63	169 79	32 84	83 79%	16 21%	-8 49%	(1)
Recovery	4/1/2005	120402 21410	50 00	50.00	-	100 00%	0 00%	-24 70%	(1)
Recovery	5/1/2005	120402 21410	26 98	12 92	14 06	47 89%	52 11%	27 41%	(1)
Recovery	6/1/2005	120402 21410	47 79	25 03	22 76	52 37%	47.63%	22 93%	(1)
Recovery	7/1/2005	120402 21410	50 00	50 00	-	100 00%	0 00%	-24 70%	(1)
Recovery	8/1/2005	120402 21410	31 40	19 07	12 33	60 73%	39 27%	14 57%	(1)
Recovery	9/1/2005	120402 21410	19 08	16 16	2 92	84 70%	15.30%	-9.40%	(1)
Total Written Off	4/1/2004	120402 21410	(528 07)	(397 66)	(130 41)	75.30%	24 70%		
Total Recovered		120402 21410	510 97	380 56	130 41	74 48%	25 52%		
Write Off	7/1/2004	135360 36397	(285 17)	(205 46)	(79 71)	72.05%	27 95%		
Recovery	10/1/2004	135360 36397	48 32	17 27	31 05	35.74%	64 26%	36 31%	(1)
Recovery	11/1/2004	135360 36397	50 00	50 00	-	100 00%	0 00%	-27 95%	(1)
Recovery	12/1/2004	135360 36397	40 02	21 03	18 99	52 55%	47 45%	19 50%	(1)
Recovery	1/1/2005	135360 36397	48 50	37 58	10 92	77 48%	22 52%	-5 43%	(1)
Recovery	2/1/2005	135360 36397	47 08	38 83	8 25	82 48%	17 52%	-10.43%	(1)
Total Written Off	7/1/2004	135360 36397	(285 17)	(205 46)	(79 71)	72 05%	27 95%		
Total Recovered		135360 36397	233 92	164.71	69.21	70 41%	29 59%		

**Atmos Energy Corporation**  
**Docket 03-00209 Response to Data Request March 3, 2006**

Question 1

**Tennessee Excluding Union City**

	Date	Customer and Premise No	Total Excluding Taxes	Total Gas Cost	Total Margin	Gas Cost %	Margin %	% Difference between Original Gas cost % and Recovery %	Reference
Write Off	3/1/2004	139844 40872	(358.40)	(358.40)	-	100.00%	0.00%		
Recovery	3/1/2004	139844 40872	313.17	313.17	-	100.00%	0.00%	0.00%	
Recovery	4/1/2004	139844 40872	21.98	21.98	-	100.00%	0.00%	0.00%	
Recovery	5/1/2004	139844 40872	21.95	21.95	-	100.00%	0.00%	0.00%	
Write Off	6/1/2004	139844 40872	(83.85)	-	(83.85)	0.00%	100.00%		
Recovery	7/1/2004	139844 40872	44.31	-	44.31	0.00%	100.00%		
Write Off	8/1/2004	139844 40872	(44.18)	(44.18)	-	100.00%	0.00%		
Recovery	8/1/2004	139844 40872	21.95	21.95	-	100.00%	0.00%	-100.00%	(2)
Write Off	9/1/2004	139844 40872	(2.54)	(2.54)	-	100.00%	0.00%		
Recovery	9/1/2004	139844 40872	22.77	22.77	-	100.00%	0.00%	-100.00%	(2)
Recovery	10/1/2004	139844 40872	26.58	-	26.58	0.00%	100.00%		
Write Off	11/1/2004	139844 40872	(139.56)	(139.56)	-	100.00%	0.00%		
Recovery	11/1/2004	139844 40872	77.25	64.29	12.96	83.22%	16.78%	-83.22%	(2)
Recovery	1/1/2005	139844 40872	34.35	34.35	-	100.00%	0.00%	0.00%	(2)
Recovery	2/1/2005	139844 40872	34.35	34.35	-	100.00%	0.00%	0.00%	(2)
Write Off	3/1/2005	139844 40872	(263.30)	(263.30)	-	100.00%	0.00%		
Recovery	3/1/2005	139844 40872	34.34	34.34	-	100.00%	0.00%		
Recovery	4/1/2005	139844 40872	34.36	34.36	-	100.00%	0.00%		
Recovery	5/1/2005	139844 40872	34.34	34.34	-	100.00%	0.00%	0.00%	
Recovery	6/1/2005	139844 40872	34.35	34.35	-	100.00%	0.00%		
Recovery	7/1/2005	139844 40872	34.35	34.35	-	100.00%	0.00%	0.00%	
Recovery	8/1/2005	139844 40872	38.24	38.24	-	100.00%	0.00%	0.00%	
Recovery	9/1/2005	139844 40872	36.08	36.08	-	100.00%	0.00%	0.00%	
Recovery	10/1/2005	139844 40872	27.11	27.11	-	100.00%	0.00%	0.00%	(2)
Write Off	4/1/2005	139844 40872	(228.96)	(228.96)	-	100.00%	0.00%		
Write Off	6/1/2005	139844 40872	(160.26)	(160.26)	-	100.00%	0.00%		
Write Off	10/1/2005	139844 40872	(15.35)	(9.87)	(5.48)	64.30%	35.70%		
Recovery	10/1/2005	139844 40872	5.48	-	5.48	0.00%	100.00%		
Total Written off 3/1/2004 Thru 3/1/2005			(891.83)	(807.98)	(83.85)	90.60%	9.40%		
Total Recovered thru Present			891.83	807.98	83.85	90.60%	9.40%		
Total Written off 4/1/2005 thru Present			(404.57)	(399.09)	(5.48)				
Write Off	6/1/2004	4635083 186396	(538.61)	(448.76)	(89.85)	83.32%	16.68%		
Recovery	10/1/2004	4635083 186396	20.00	20.00	-	100.00%	0.00%	-16.68%	(1)
Recovery	12/1/2004	4635083 186396	100.00	100.00	-	100.00%	0.00%	-16.68%	(1)
Recovery	1/1/2005	4635083 186396	88.22	80.00	8.22	90.68%	9.32%	-7.36%	(1)
Recovery	3/1/2005	4635083 186396	143.46	92.27	51.19	64.32%	35.68%	19.00%	(1)
Recovery	4/1/2005	4635083 186396	93.46	78.38	15.08	83.86%	16.14%	-0.54%	(1)
Recovery	5/1/2005	4635083 186396	93.47	78.11	15.36	83.57%	16.43%	-0.25%	(1)
Total Written off			(538.61)	(448.76)	(89.85)	83.32%	16.68%		
Total Recovered			445.14	370.65	74.49	83.27%	16.73%		
Write Off	9/1/2004	4646936 53850	(346.03)	(254.11)	(91.92)	73.44%	26.56%		
Recovery	1/1/2005	4646936 53850	76.64	42.54	34.10	55.51%	44.49%	17.93%	(1)
Recovery	2/1/2005	4646936 53850	83.80	78.16	5.64	93.27%	6.73%	-19.83%	(1)
Recovery	3/1/2005	4646936 53850	82.21	54.16	28.05	65.88%	34.12%	7.56%	(1)
Recovery	4/1/2005	4646936 53850	50.39	45.97	4.42	91.23%	8.77%	-17.79%	(1)
Recovery	5/1/2005	4646936 53850	52.99	33.28	19.71	62.80%	37.20%	10.64%	(1)
Total Written off			(346.03)	(254.11)	(91.92)	73.44%	26.56%		
Total Recovered			346.03	254.11	91.92	73.44%	26.56%		
Write Off	8/1/2004	4696413 190103	(646.78)	(556.69)	(90.09)	86.07%	13.93%		
Recovery	10/1/2004	4696413 190103	50.04	2.87	47.17	5.74%	94.26%	80.33%	(1)
Recovery	11/1/2004	4696413 190103	132.00	132.00	-	100.00%	0.00%	-13.93%	(1)
Recovery	12/1/2004	4696413 190103	216.16	211.97	4.19	98.06%	1.94%	-11.99%	(1)
Recovery	1/1/2005	4696413 190103	116.58	77.85	38.73	66.78%	33.22%	19.29%	(1)
Recovery	2/1/2005	4696413 190103	(132.00)	(132.00)	-	100.00%	0.00%	-13.93%	(1)
Total Written Off 4696413 190103			(646.78)	(556.69)	(90.09)	86.07%	13.93%		
Total Recovered 4696413 190103			382.78	292.69	90.09	76.46%	23.54%		



**Atmos Energy Corporation**  
**Docket 03-00209 Response to Data Request March 3, 2006**

Question 1

**Union City, Tennessee**

	Date	Customer and Premise No	Total Excluding Taxes	Total Gas Cost	Total Margin	Gas Cost %	Margin %	% Difference between Original Gas cost % and Recovery %	Reference
Write off	8/1/2004	262699 143528	(96 30)	(54 76)	(41 54)	56 86%	43 14%		
Recovery	8/1/2004	262699 143528	34 57	13 16	21 41	38.07%	61 93%	18 79%	(1)
Recovery	11/1/2004	262699 143528	61 73	41 60	20 13	67.39%	32 61%	-10 53%	(1)
Total Written off	8/1/2004	262699 143528	(96 30)	(54 76)	(41 54)	56 86%	43 14%		
Total Recovered		262699 143528	96 30	54 76	41 54	56 86%	43 14%		
Write off	8/1/2005	263106 144846	(397 36)	(302 66)	(94 70)	76 17%	23 83%		
Recovery	9/1/2005	263106 144846	302 57	237 78	64 79	78.59%	21 41%	-2 42%	(1)
Recovery	10/1/2005	263106 144846	94 79	64 88	29.91	68.45%	31 55%	7 72%	(1)
Total Written off	8/1/2005	263106 144846	(397 36)	(302 66)	(94 70)	76 17%	23 83%		
Total Recovered		263106 144846	397 36	302 66	94 70	76 17%	23 83%		
Write off	6/1/2005	263487 144316	(153 82)	(102 23)	(51 59)	66 46%	33 54%		
Recovery	8/1/2005	263487 144316	4 60	-	4 60	0 00%	100 00%	66 46%	(1)
Total Written off	6/1/2005	263487 144316	(153 82)	(102 23)	(51 59)	66.46%	33 54%		
Total Recovered			4 60	-	4 60	0 00%	100 00%		
Write off	6/1/2005	265062 145893	(307 26)	(209 94)	(97 32)	68.33%	31 67%		
	7/1/2005	265062 145893	88 09	50 74	37 35	57 60%	42 40%	10.73%	(1)
	8/1/2005	265062 145893	106 76	67 55	39 21	63 27%	36.73%	5.06%	(1)
	9/1/2005	265062 145893	112 41	91 65	20 76	81 53%	18.47%	-13 20%	(1)
Total Written off	6/1/2005	265062 145893	(307 26)	(209 94)	(97 32)	68 33%	31 67%		
Total Recovered		265062 145893	307 26	209 94	97 32	68.33%	31 67%		
Write off	6/1/2005	346425 214366	(174 90)	(127 83)	(47 07)	73 09%	26 91%		
Recovery	9/1/2005	346425 214366	82 65	45 30	37 35	54 81%	45 19%	18 28%	(1)
Total Written off	6/1/2005	346425 214366	(174 90)	(127 83)	(47 07)	73 09%	26 91%		
Total Recovered		346425 214366	82 65	45 30	37 35	54 81%	45 19%		
Write off	1/1/2005	368680 230137	(983 39)	(845 81)	(137 58)	86 01%	13 99%		
Recovery	4/1/2005	368680 230137	299 01	288 04	10 97	96 33%	3 67%	-10 32%	(1)
Write off	2/1/2005	368680 230137	(845 81)	(845 81)	-	100 00%	0 00%		
Write off	7/1/2005	368680 230137	(425 36)	(293 64)	(131 72)	69 03%	30 97%		
Total Written off	1/1/2005	368680 230137	(983 39)	(845 81)	(137 58)	86 01%	13 99%		
Total Recovered		368680 230137	299 01	288 04	10 97	96 33%	3 67%		
Total Written off Beginning 2/1/2005		368680 230137	(1,271.17)	(1,139 45)	(131 72)				
Write off	7/1/2004	4275460 222146	(385 77)	(262 29)	(123 48)	67 99%	32 01%		
Recovery	10/1/2004	4275460 222146	205 30	118 83	86 47	57 88%	42 12%	10 11%	(1)
Recovery	12/1/2004	4275460 222146	37 60	32 10	5 50	85 37%	14 63%	-17.38%	(1)
Recovery	1/1/2005	4275460 222146	142 87	111 36	31 51	77 94%	22 06%	-9 95%	(1)
Total Written off	7/1/2004	4275460 222146	(385 77)	(262 29)	(123 48)	67.99%	32 01%		
Total Recovered		4275460 222146	385 77	262 29	123 48	67 99%	32 01%		

**Atmos Energy Corporation**  
**Docket 03-00209 Response to Data Request March 3, 2006**

**Question 2**

**For lines with a Reference (1):**

Write offs were tracked using Billing Date as a reference. Our billing system could not apply a subsequent recovery using FIFO and basing the allocation of recovery dollars on the original % written off. Therefore, the billing system uses Billing Date as a reference and applies the allocation % randomly. The sample in Question 1 contained 7,705.52 in Gas Cost portion of bad debt written off. Using the random methodology, we recovered 67.78 less in Gas Costs than if we were able to use the FIFO and % Gas Cost allocation methodology.

**For lines with a Reference (2):**

We initially discovered we could not use a FIFO methodology plus allocating recoveries using the original % of gas costs. Therefore, we had the billing system allocate ALL recoveries to gas costs first. However, the billing system could not allocate all gas costs first AND use FIFO. We began running into difficulties with our Aging process. So we had to direct the billing system to use FIFO and assign gas costs randomly. This account showed recoveries assigned all to gas costs, when most of it should have been Margin. It should be noted that the write-offs on March, June, August, September, November 2004 and March 2005 were all collected by October 2005.

**Question 3**

Partial payments are applied to individual charges in order by Due Date (ascending), Payment Priority (ascending), and then Bill Date (ascending). Payment Priority is defined at a Rate Code level. In cases where all 3 of those items are the same, the program randomly selects the order.

**Question 4**

No, Atmos has not netted collection agency fees against the gas cost portion of recoveries.

**Question 5**

No. We held meetings with Billing to try to adapt this methodology. Billing informed us that they could not allocate partial payments by applying the same percentage of each individual write-off to the recovery (or multiple recoveries). We then instructed Billing to assign all partial payment recoveries to gas costs first and then to Margin. We found out that Billing could do this, but not use FIFO at the same time. This caused problems in our Aging of accounts. Finally, we had billing apply partial payments using FIFO and assign the recoveries between Gas Cost and Margin randomly.