

**BEFORE THE  
TENNESSEE PUBLIC SERVICE COMMISSION  
DOCKET NO. 05-00258  
PREPARED DIRECT TESTIMONY OF  
JOHN PARIS  
On Behalf of  
ATMOS ENERGY CORPORATION**

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**I. INTRODUCTION AND PURPOSE OF TESTIMONY.**

**Q. Please state your name, position and business address.**

A. My name is John Paris. I am President of the Mid-States and Kentucky Divisions of Atmos Energy Corporation ("Atmos" or "Company"). My business address is 2401 New Hartford Road, Owensboro, Kentucky 42303.

**Q. Please briefly describe your educational and professional background, and current responsibilities.**

A. I earned a Bachelor of Arts degree in History from Berea College in 1985. That same year, I became an operations aide for Western Kentucky Gas Company ("WKG"). WKG was acquired by Atmos in December of 1987 and is now Atmos' Kentucky division. I had worked in a variety of jobs for WKG during summer recess while attending college. After joining the company full time in 1985, I held positions of increasing responsibility before being named Assistant District Manager of the Bowling Green District in 1993. I became the Southern Colorado District Manager for Atmos in 1995. In 1997, I was named Vice President of Operations for the Colorado Region. In that position, I was responsible for safety, maintenance, construction, and customer service to Atmos' Colo-

1 rado customers. From 1999 to 2001, I was Chairman of the Atmos Marketing Council  
2 which has the responsibility for developing and executing the Company's utility market-  
3 ing strategy.

4 In 2001, I was named President of Atmos' Kentucky division and in February  
5 2005, my responsibilities were increased to include Atmos' Mid-States division. As  
6 President of Atmos' Mid-States and Kentucky divisions, I have responsibility for cus-  
7 tomer services, operations, regulatory and community relations and the financial per-  
8 formance of those divisions which include all of the Company's regulated operations in  
9 Tennessee.

10 **Q. Have you ever testified before the Tennessee Regulatory Authority (TRA)?**

11 A. No, but I have previously provided testimony before the Colorado Public Utilities Com-  
12 mission, the Georgia Public Service Commission and the Missouri Public Service Com-  
13 mission in Atmos rate cases.

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

15 A. My direct testimony has three primary purposes. First, I will provide an overview of At-  
16 mos' operations in the United States and in particular Tennessee. Second, I will explain  
17 why the increase Atmos is requesting is just and reasonable. Finally, I will introduce the  
18 other witnesses who will be providing support for the Company's position.

19  
20 **II. OVERVIEW OF COMPANY OPERATIONS**

21 **Q. Can you provide a general description and background of Atmos' natural gas dis-**  
22 **tribution business in the United States?**

1 A. Yes. Atmos is the largest pure natural gas distribution company in the United States. It  
2 delivers natural gas to approximately 3.1 million residential, commercial, industrial and  
3 public-authority customers in twelve states. Atmos has seven gas utility operating divi-  
4 sions. They are located in:

- 5 • Denver, Colorado (Kansas and Colorado division);
- 6 • Baton Rouge, Louisiana (Louisiana division);
- 7 • Jackson, Mississippi (Mississippi division);
- 8 • Lubbock, Texas (West Texas division);
- 9 • Dallas, Texas (Mid-Tex division); and
- 10 • Franklin, Tennessee and Owensboro, KY (Mid-States and Kentucky divi-  
11 sions).

12 Atmos' history dates back to 1906 in the panhandle of Texas. Over the years,  
13 through various business combinations and mergers, the company became part of Pioneer  
14 Corp., a large diversified west Texas energy company. In 1983, Energas Company, the  
15 natural gas distribution division of Pioneer and formerly known as Pioneer Natural Gas,  
16 was spun off and became an independent, publicly-held natural gas distribution company.  
17 In October 1988, Energas changed its corporate name to Atmos Energy Corporation and  
18 began trading on the New York Stock Exchange.

19 Since 1986, Atmos has completed numerous significant acquisitions.

- 20 • In 1986, Atmos expanded its natural gas distribution business to Louisiana  
21 with the acquisition of Trans Louisiana Gas Company.
- 22 • In 1987, Atmos further expanded its operations by moving into Kentucky with  
23 the acquisition of Western Kentucky Gas Company.

- 1           • In 1993, Atmos acquired Greeley Gas Company's Kansas, Colorado and Ten-  
2           nessee operations.,
- 3           • In 1997, Atmos acquired United Cities Gas Company, which operated in eight  
4           states, including Tennessee. The TRA approved the acquisition of United Cit-  
5           ies Gas Company by order dated January 24, 1997 in TRA Docket No. 96-  
6           01299.
- 7           • In 2000, Atmos acquired the Missouri assets of Arkansas Western Gas Com-  
8           pany known as Associated Natural Gas Company.
- 9           • In 2001, Atmos completed its purchase of the assets of Louisiana Gas Service  
10          Company and LGS Natural Gas Company.
- 11          • In December of 2002, Atmos expanded its operations into Mississippi with the  
12          acquisition of Mississippi Valley Gas Company.
- 13          • Most recently, in 2004, Atmos acquired the natural gas distribution and pipe-  
14          line operations of TXU Gas Company from TXU Corp. The operations ac-  
15          quired in this transaction serve approximately 1.5 million customers in the  
16          Dallas-Forth Worth metroplex and more than 500 other communities in north  
17          and central Texas.

18           Atmos' corporate offices are located in Dallas, Texas, and through the Company's  
19          Shared Services division, provide services to the operating divisions, such as accounting,  
20          legal, human resources, rates administration, procurement, information technology, and a  
21          customer support center. These centralized services are shared with the other Atmos op-  
22          erating divisions in order to avoid having to staff and maintain these functions at each di-  
23          vision level. These centralized services are the technical and administrative services that

1 would be required if each division was a stand-alone company today. Atmos believes  
2 that this structure gives it an economic advantage and enables it be a low-cost, high-  
3 quality service provider of natural gas. Each of the Company's seven utility divisions has  
4 its own divisional office that is responsible for the day-to-day operations of that division.

5 **Q. Can you provide the TRA with a general description and background of Atmos'**  
6 **operations in Tennessee?**

7 A. Yes. Atmos' Mid-States Division, in addition to serving customers in Tennessee, pro-  
8 vides natural gas distribution service in Missouri, Virginia, Georgia, Illinois and Iowa.  
9 The Mid-States division provides natural gas service to approximately 311,000 customers  
10 across those six states. Atmos serves approximately 127,000 residential, commercial and  
11 industrial customers in Tennessee. The Company has a Tennessee-based work force of  
12 approximately 210 employees including 29 employees in the Mid-States division office  
13 in Cool Springs. Our utility plant in Tennessee includes over 3,000 miles of transmission  
14 and distribution lines. I have included a map of Atmos' Tennessee service territory as  
15 Schedule JP-1.

16 **Q. Does Atmos maintain local offices in Tennessee?**

17 A. Yes. The Company has local offices in 10 separate locations to serve its Tennessee cus-  
18 tomers. Those offices include:

- 19 • Union City,
- 20 • Franklin,
- 21 • Columbia,
- 22 • Shelbyville,
- 23 • Murfreesboro,

- Maryville,
- Morristown,
- Johnson City and
- Greeneville, and.
- Bristol, Tennessee is served from the office located in its twin city of Bristol, Virginia.

**Q. Has the Company reduced its local presence as a result of the 1997 acquisition by Atmos?**

A. No. There have been a number of statements made previously in this docket and publicly that have incorrectly implied that the Company closed local offices and/or reduced the number of local employees as a result of the 1997 merger with Atmos. Contrary to these statements, the Company has not closed offices as a result of the 1997 merger. Since the merger, Atmos has only closed two offices: Elizabethton and Kingsport. Those offices were not closed because of the merger, but instead were the result of a management decision to consolidate three of the four offices serving the Tri-Cities area at the Johnson City location. Prior to this consolidation, the office located in the small community of Elizabethton was merely a one-person satellite location for the Johnson City office, located approximately 12 miles away. Kingsport, Elizabethton and Johnson City are now all served from the Company's Johnson City office, which has been in its present location for over 50 years. The Company maintains the office for its Bristol, Tennessee customers in a building located across the Virginia state line, in the twin city of Bristol, Virginia.

Most of the Company's local offices have been in the same location for more than 30 years. These local offices are staffed with office assistants (OAs), who, in addition to

1 performing other duties, are responsible for providing in-person customer service. These  
2 OAs provide the full range of customer service functions, including answering custom-  
3 ers' questions about their bill, assisting with setting up payment arrangements, signing  
4 new customers up for service, and answering service inquiries. The only transaction that  
5 is no longer performed by the OAs is the taking of in-person payments. Customers may  
6 now pay their bill by mail, by automatic bank draft, by telephone through the Company's  
7 24-hour, 7-day a week toll-free customer service number, online through the Company's  
8 website, or in-person at approximately 75 payment centers at local businesses such as  
9 grocery stores or banks.

### 11 **III. ATMOS' COMMITMENT TO CUSTOMER SERVICE**

12 **Q. Please discuss the commitment the Company has made to serving its Tennessee cus-**  
13 **tomers.**

14 A. Since the acquisition of United Cities Gas Company, the Company has made a substantial  
15 investment to ensure that it provides the best customer service possible. To demonstrate  
16 this commitment, the Company has introduced and implemented state-of-the-art technol-  
17 ogy to enable it to provide customers with the best possible service at the lowest possible  
18 cost. These enhancements facilitate customer service through the streamlining of billing  
19 inquiries and service orders, allow efficient billing and processing of customer payments  
20 and provide support to the Company's Customer Support Center. This technology pro-  
21 vides ratepayers with many benefits including, but not limited to:

- 22 • Availability of customer service representatives 24 hours a day, 7 days a week
- 23 • Enhanced ability to respond quickly to leaks and other safety related events



- More accurate bills
- Faster response to service requests
- More efficient use of labor and materials
- Ability for customers to make check and credit card payments online, by telephone or payments using bank drafts
- Enhancements to Company's ability to monitor the quality of its customer service.

**Q. Please describe these customer service enhancements in greater detail.**

A. One of the key enhancements related to this initiative was the implementation of a new Customer Information System (CIS) using SCT Banner software. The CIS facilitates customer service and accounting functions through the streamlining of billing inquiries and service orders, and allows efficient billing and processing of customer payments in all of Atmos' operating jurisdictions. In addition, it provides support for Atmos' Customer Support Center. The Customer Support Center accepts service order requests, answers billing and other customer inquiries as well as emergency calls 24 hours a day, 7 days a week. Further, the Customer Support Center provides for a system that better measures the quantity and content of customer calls, as well as the quality of service provided to customers when they call. This includes recording of customer calls, the measurement of call lengths, and the tracking of the number and type of calls by the hour, day, week and month. This enables Atmos to continually monitor the quality of its customer service and also assists in forecasting call loads and scheduling customer service personnel to ensure that the Customer Support Center operates as effectively and efficiently as possible. The system also provides Atmos with the enhanced ability to respond to leaks

1 and other safety-related events faster than ever before by enabling all field service em-  
2 ployees to receive orders while in the field.

3 **Q. Are there other aspects of these enhancements to customer services that you would**  
4 **like to discuss?**

5 A. Yes. The system also allows customers to pay their bills using bank drafts. Customers  
6 who opt for this service have a draft issued to their bank and their bills are then deducted  
7 from their bank account each month. This has proven to be an attractive option for cus-  
8 tomers who do not want to spend the time and postage each month required to pay their  
9 gas bill. In addition, the system uses Speedpay and Telepay to provide customers with  
10 alternative means of paying their bills. Speedpay allows the Customer Service Associ-  
11 ates at the Customer Support Center to participate in check-by-phone transactions with  
12 customers. Telepay is similar, but it uses an Interactive Voice Response system to enable  
13 customers to pay their bills using their credit cards. While not every customer chooses  
14 these services, Atmos has found many customers prefer the ease and convenience they  
15 offer.

16 The system also provides customers with the ability to choose the due date of  
17 their bills. This is important to many customers, particularly those on fixed incomes, be-  
18 cause it allows them to plan their payments at the time that best meets their needs and  
19 monthly budgets. In addition, the system allows for summary billing which enables the  
20 Company to send customers with service at multiple locations one (1) bill.

21 **Q. Please describe some of the other features of how Atmos has upgraded customer**  
22 **service to its Tennessee customers.**

1 A. Atmos also introduced technological enhancements since it acquired United Cities Gas  
2 Company to be used by its field personnel including the use of hand-held computers  
3 known as ITRONs for automated meter reading and mobile data terminals (MDT) in-  
4 stalled in the vehicles of our field service employees. The ITRONs eliminate the need for  
5 meter readers to carry meter reading sheets and enter each meter reading on those sheets.  
6 Instead, the employee simply reads the meter and enters the readings into the ITRON.  
7 This reduces the potential for errors in customers' bills.

8 Each MDT is equipped with the capability to communicate directly with the Cus-  
9 tomer Support Center. It is used by our service technicians in the field to process field  
10 service work orders while on-site or traveling in the field. Field service work orders are  
11 transmitted directly to the MDT units, thereby eliminating the paperwork order system  
12 and the delay inherent in having to go through a third-person dispatcher. Further, the  
13 MDTs allow our field service employees to be even more responsive to customers by  
14 providing them with direct access to customer information stored in Atmos' customer da-  
15 tabase. Once the field service employee completes the work detailed on the work order,  
16 he is able to input the work order or completion information in his vehicle rather than  
17 submitting a bundle of paperwork at the end of each shift. In the case of emergency work  
18 orders, the MDTs enable field service employees to receive the orders directly while al-  
19 ready in the field and thereby provide a faster response. In short, the MDTs enable At-  
20 mos to respond more directly, more efficiently, and more quickly to our customer's  
21 needs. There is far less chance of orders going astray or being mis-communicated and  
22 field service employees are freed up to spend more time in the field meeting the needs of  
23 our customers and less time doing cumbersome paperwork.

1 **Q. Have ratepayers benefited from these enhancements to service?**

2 A. Absolutely. The investment that Atmos has made in enhanced technology has been a  
3 driving force behind its continued success as a low-cost, high-quality provider of natural  
4 gas service and is one of the reasons it has not required a rate increase since 1995.

5 **Q. Are you aware of concerns raised by customers in the Murfreesboro area?**

6 A. Yes. As the TRA is aware, some months ago, company representatives along with TRA  
7 staff met in Murfreesboro with the neighborhood alliance to address concerns that this  
8 group had voiced in the media. Atmos is deeply committed to customer service, and was  
9 eager to meet with its Murfreesboro customers to discuss how the Company can provide  
10 better customer service. The concerns from the group of Murfreesboro customers cen-  
11 tered around the perception that customer service in the Murfreesboro area had deterio-  
12 rated since the acquisition of United Cities by Atmos due in large part to the closing of  
13 local offices and the downsizing of local employees. The Company was deeply con-  
14 cerned by the comments made at the meeting, and quite frankly, to some extent puzzled  
15 by some of the statements. As explained earlier in my testimony, contrary to the com-  
16 ments made in the media and at the meeting, the Company has not closed any local of-  
17 fices in the Murfreesboro area, nor has the Company downsized employees. Atmos'  
18 Murfreesboro office has been at the same location for more than 20 years and has main-  
19 tained approximately the same number of local employees. One customer complained at  
20 the meeting about the service she received from the Company's call center. Atmos takes  
21 all customer service complaints very seriously, and immediately investigated the com-  
22 plaint, including obtaining the recording of this customer's call. Based on its own inves-  
23 tigation, the Company found the call center representative had behaved in a polite and re-

1       spectful manner and provided prompt, accurate, and helpful responses to the caller's  
2       questions.

3               At the Murfreesboro meeting, customers also asked that the bills provide addi-  
4       tional as to the breakdown of various charges. In response, Atmos immediately began the  
5       process of reformatting the bill to include the requested information. The Company be-  
6       gan sending the newly formatted bills in July which included inserts showing more itemi-  
7       zation and detail of the various charges as requested. A copy of the new bill is attached  
8       as Exhibit JP-2.

9               Atmos has a record as one of the gas utilities that has the fewest customer com-  
10      plaints lodged with the TRA. The Company is committed to continuing its legacy of  
11      providing excellent customer service, and as always, we are eager to hear from customers  
12      on how we can do that.

13  
14   **IV.   ATMOS' COMMITMENT TO SAFETY**

15   **Q.    Would you please discuss the Company's commitment to safety?**

16   A.    Yes. Atmos is committed to delivering safe reliable service in addition to providing su-  
17      perior customer service. In early 2005, Atmos had consulting firm Towers Pernin Till-  
18      inghast conduct a study of the Company's workers' compensation and safety policies and  
19      procedures. In this study, it was recommended that the employee development/safety co-  
20      ordinator positions in each division be split out into stand alone areas (safety, employee  
21      development, training). In July 2005, in order to help build a strong and healthy culture  
22      at Atmos in which the safety of our employees, customers and communities is a vital part  
23      of our success, the Company created a Manager of Safety for each of its divisions. These

1 safety managers work with the Utility Operations Safety Committee and members of  
2 each division's safety leadership team to develop and implement industry-best safety pro-  
3 grams.

4 **Q. Does Atmos maintain data on the safety of its operations?**

5 A. Yes. Atmos benchmarks the Company's workplace injury and vehicle accident statistics  
6 against statistics maintained by the American Gas Association (AGA). AGA collects sta-  
7 tistics from natural gas utilities throughout the United States and then provides those  
8 numbers in a summary report annually. For example, Atmos takes the AGA benchmark  
9 for average lost work day rate for like size companies and then sets a goal to maintain a  
10 rate that is 10% less than the AGA benchmark. The current AGA rate is 3.29 and as of  
11 May 31, 2006, Atmos' MidStates and Kentucky Division rate 3.06. The Company also  
12 compares its statistics for preventable vehicle accidents to the averages reported by AGA,  
13 and sets a target to maintain a rate that is 10% less than the AGA benchmark. The current  
14 AGA rate is 3.56 and Atmos' 10% target reduction is 3.24. As of May 31, 2006, Atmos  
15 MidStates and Kentucky Division is at 1.98

16 **Q. Does Atmos work closely with the TRA on safety issues?**

17 A. Yes. In February 2006, the Company submitted an action plan to the TRA that commit-  
18 ted the Company to the following:

19 1. Periodically address the safety "lessons learned" with employees during future  
20 safety meetings.

21 2. Perform a comprehensive safety and operations and maintenance compliance au-  
22 dit of the Company's operations in each of the towns in Tennessee and conduct quarterly  
23 meetings to discuss results of the audits.

1           3.     Conduct at least two unannounced inspections in 2006.

2           4.     Re-emphasize the importance of daily work execution with all Company person-  
3           nel through periodic employee staff and safety meetings.

4           5.     Use best efforts to complete the procedures manuals project by January 2007.

5  
6           In addition to what was submitted in the action plan, the Company implemented a plan to  
7           conduct OSHA 10 hour construction classes at central sites in Tennessee. To date, the  
8           OSHA 10 hour class has been completed in Franklin, and has been scheduled for July 11  
9           and 12 in Morristown. The Company has also implemented a plan to conduct an Envi-  
10          ronmental Inspection at each site in Tennessee.

11  
12          To date, the Company has completed all Middle Tennessee comprehensive safety, com-  
13          pliance, and environmental audits. The TRA has been invited to attend every audit as  
14          well as the OSHA 10 hour classes. TRA representatives have attended most of the audits  
15          conducted. The first quarterly meeting to discuss audits is scheduled for July 10th in  
16          Franklin.

17  
18   V.    ATMOS' REQUESTED RATE INCREASE AND PROPOSED TARIFF  
19           CHANGES.

20  
21   Q.    **When was the Company's last request for a rate increase filed with the TRA?**

22   A.    The Company's last rate increase request in Tennessee was filed on May 15, 1995 by  
23          United Cities Gas Company prior to its acquisition by Atmos. By order dated November  
24          20, 1995 in Docket No. 95-02258, the Public Service Commission approved a black box-  
25          settlement providing for a revenue increase of \$2,227,000 effective November 15, 1995.

1 The Company makes every effort to provide service as efficiently as possible and is  
2 proud of its well-earned reputation as one of the lowest cost providers of natural gas in  
3 the United States. Because of its continual efforts to provide the highest quality service  
4 to its customers at the lowest possible cost, the Company has been able to operate in  
5 Tennessee without increased rates for over 10 years. Since the last rate case, the Com-  
6 pany has increased its rate base by more than \$68 million. In addition, since it acquired  
7 United Cities, Atmos has made significant technological investments in Shared Services  
8 general plant, including the Customer Support Center and newly implemented billing sys-  
9 tem software.

10 **Q. Do you believe that Atmos' request for a revenue increase in this docket is just and**  
11 **reasonable?**

12 A. Yes. The testimony Atmos is presenting in this docket demonstrates that its existing rates  
13 through the attrition year produce a revenue deficiency in the amount of \$3,393,287. As  
14 noted earlier, Atmos has not sought a rate increase in over 10 years as a result of its ex-  
15 traordinary efforts to control costs and despite increases in expenses such as wages and  
16 salaries and higher medical and pension benefits. I believe that this is all the more re-  
17 markable in light of the fact that inflation over the period since the last rate increase has  
18 been approximately 28.43%.

19 **Q. Are there any other changes to existing tariffs or additional tariffs requested in this**  
20 **proceeding?**

21 A. Due to the expedited nature of this proceeding the Company has minimized proposed  
22 tariff provision changes. Changes proposed are discussed in the direct testimony of  
23 Patricia J. Childers. I would however like to discuss Atmos' proposed Customer Utiliza-



1           tion Adjustment (“CUA”), a “decoupling” mechanism, and why such a mechanism is  
2           beneficial to both the consumer and the company.

3   **Q.    Please explain what the CUA does.**

4   A.    The CUA is more fully explained in detail in the testimony of Patricia Childers. How-  
5           ever, from a general perspective the CUA will fully decouple, or break the link between,  
6           the Company’s revenues and the amount of gas consumed by its customers. Currently,  
7           the Company’s cost of service, almost exclusively fixed in nature, is recovered through  
8           volumetric rates which fluctuate as customer usage rises or falls. The practice of allow-  
9           ing gas utilities to recover fixed costs through the use of volumetric rates was initiated  
10          years ago with the major objective of motivating gas utilities to sign up new customers  
11          and increase gas sales. Since the dramatic rise of natural gas prices around 2000, public  
12          policy has shifted away from promoting increased gas consumption. Instead, policymak-  
13          ers and regulators, including the National Association of Regulatory Commissions (NA-  
14          RUC), have stressed the importance of encouraging conservation in order to reduce over-  
15          all demand, and place downward pressure on skyrocketing gas prices. To date,  
16          decoupling mechanisms have been approved in several states, and even more have been  
17          proposed. As the orders approving decoupling mechanisms in other states have recog-  
18          nized, traditional volumetric rate design has the unintended consequence of pitting the  
19          utility’s financial performance at odds with conservation efforts. The proposed CUA will  
20          decouple the Company’s revenues from the volumes of gas consumed, and thus remove  
21          the disincentive the Company currently has to encourage energy efficiency and conserva-  
22          tion while at the same time stabilizing customers’ bills.

23   **Q.    Will the CUA benefit consumers this winter?**

1 A. Yes. If the CUA mechanism is approved in this case, the Company would no longer  
2 jeopardize its recovery of authorized revenue requirements by promoting customer con-  
3 servation efforts. The Company would like to dedicate some portion of the CUA reve-  
4 nues to create a program to assist customers in their effort to conserve natural gas use.  
5 For example, we could craft a program with assistance of the Authority Staff and the  
6 Consumer Advocate to assist low-income weatherization efforts, or to create a rebate  
7 program to make higher efficiency appliances more affordable, etc. These programs  
8 could have a concrete and measurable affect in assisting customers in lowering their natu-  
9 ral gas bills this winter.

10  
11 **VI. OVERVIEW OF WITNESS TESTIMONY**

12 **Q. Please identify the other witnesses sponsoring testimony in this proceeding?**

13 A. In addition to my testimony, Atmos will present the direct testimony and exhibits of eight  
14 witnesses:

- 15 • Mr. Greg Waller, Vice President of Finance for the Mid-States Division will tes-  
16 tify to the calculation of the Company's net operating income.
- 17 • Mr. Thomas Petersen, Director of Rates, will present the calculation of the Com-  
18 pany's projected revenue deficiency for the attrition year ended September 30,  
19 2007.
- 20 • Mr. James Cagle, Manager of Rates and Revenue Requirements, will provide tes-  
21 timony regarding the cost allocations factors and methodologies made for rate-  
22 making purposes.
- 23 • Mr. Daniel Meziere, Director of Accounting Services, will provide testimony to  
24 authenticate the Company's historic books and records and describe the Com-

pany's Cost Allocation Manual, which prescribes the methodology for the allocation of costs by the Company's Shared Services Division.

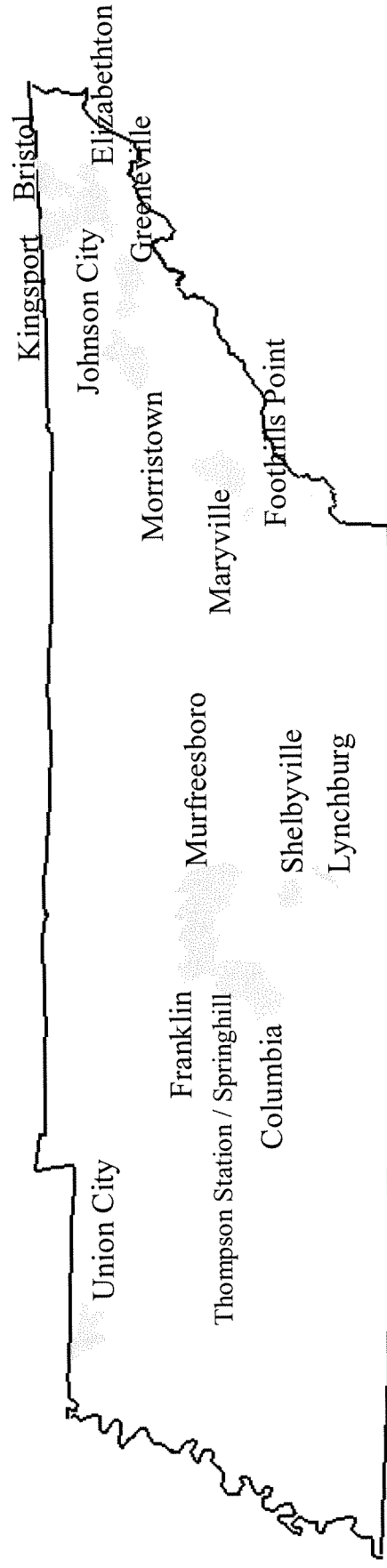
- Ms. Patricia Childers, Vice President of Rates and Regulatory Affairs, will explain the Company's proposed rate design changes, including the proposed Customer Utilization Adjustment to decouple the Company's revenues and the amount of gas consumed by its customers.
- Ms. Laurie Sherwood, Vice President, Corporate Development and Treasurer, will present testimony concerning the Company's capital structure.
- Dr. Donald Murry, Vice President and economist with C.H. Guernsey & Company, will present testimony concerning the Company's cost of capital.
- Mr. Donald Roff, President of Depreciation Special Resources, will present the results of a depreciation study of the Company's Shared Services Division.

**Q. Do you have any closing remarks?**

A. Yes. The Company is proud of the commitment that it has shown to provide low-cost, high quality service to its Tennessee customers, as well as the fact that it has not required increased rates in Tennessee in over 10 years. The rate increase the Company is requesting in this docket is just and reasonable.

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

A. Yes.



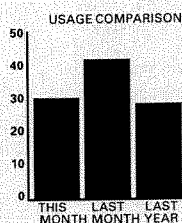
# A BETTER BILL

The best ideas come from our customers. So, when you asked for more information about how you use and pay for natural gas, we made a better bill.



Emergency Telephone  
Customer Service  
atmosenergy.com

1-800-556-5469  
1-888-824-3434



DATE OF SERVICE		METER READING	
FROM	TO	PREVIOUS	PRESENT
06/01/06	07/01/06	814	844

RATE CODE: 210A  
USAGE IN CCF: 30

Customer Number: 00000000  
Customer Name: JOHN Q. CUSTOMER  
SVC Address: 123 ANYSTREET DR  
ANYTOWN ST  
Account Number: 00-00000000-0000000-0  
Meter Serial #: V0000000  
Billing Date: 07/06/06

## BILLING INFORMATION:

PREVIOUS BALANCE	41.06
PAYMENT RECEIVED	41.06
<b>CURRENT GAS CHARGE TOTAL</b>	<b>39.08</b>
DISTRIBUTION SERVICE	12.77
PURCHASED GAS ADJUSTMENT	26.31
30.0 CCF @ 0.87710	
*TAX AND OTHER CHARGES	
<b>CURRENT CHARGES</b>	<b>39.08</b>
<b>TOTAL AMOUNT DUE</b>	<b>39.08</b>

- 1 The first thing you'll notice is **USAGE IN CCF**. This is how many hundreds of cubic feet of natural gas you've used this month.
  - 2 Under **CURRENT GAS CHARGE TOTAL** you'll find two new items, **DISTRIBUTION SERVICE** and **PURCHASED GAS ADJUSTMENT**.
  - 3 **DISTRIBUTION SERVICE** is the cost to deliver the gas to your home or business. The charge is set by the Tennessee Regulatory Authority. It pays for customer service, billing, maintenance, pipeline inspection and emergency services.
  - 4 **PURCHASED GAS ADJUSTMENT** (PGA) is the cost that Atmos Energy pays wholesalers for the natural gas we bring to you. We don't mark up or make any profit on the price of natural gas. The monthly Purchased Gas Adjustment is multiplied by the number of CCFs of gas you used to arrive at the monthly price.
- \* **TAX and OTHER CHARGES** — which appear on some customers' bills — include any franchise fee paid to your town or city, state tax paid if you are a commercial or industrial customer, and any contribution to your community energy assistance program.

We hope you like the new bill, and we welcome your feedback, suggestions and questions.

# UNA FACTURA MEJOR

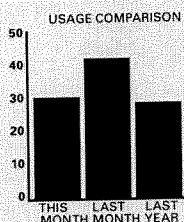
Las mejores ideas que recibimos vienen de nuestros clientes. Así que cuando pediste información acerca de cómo usar el gas natural y cómo pagar su factura, creamos una factura mejor.



Emergency Telephone  
Customer Service  
atmosenergy.com

1-800-556-5469  
1-888-824-3434

Customer Number: 00000000  
Customer Name: JOHN Q. CUSTOMER  
SVC Address: 123 ANYSTREET DR  
ANYTOWN ST  
Account Number: 00-000000000-0000000-0  
Meter Serial #: V0000000  
Billing Date: 07/06/06



DATE OF SERVICE		METER READING	
FROM	TO	PREVIOUS	PRESENT
06/01/06	07/01/06	814	844

RATE CODE: 210A  
USAGE IN CCF: 30

## BILLING INFORMATION:

PREVIOUS BALANCE	41.06
PAYMENT RECEIVED	41.06
<b>CURRENT GAS CHARGE TOTAL</b>	<b>39.08</b>
DISTRIBUTION SERVICE	12.77
PURCHASED GAS ADJUSTMENT	26.31
30.0 CCF @ 0.87710	
*TAX AND OTHER CHARGES	

**CURRENT CHARGES** 39.08  
**TOTAL AMOUNT DUE** 39.08

- 1 La primera cosa que vas a notar es **USAGE IN CCF** (uso en CCF). Esto indica cuantos centenares de pies cúbicos de gas natural has usado durante el mes.
  - 2 Bajo **CURRENT GAS CHARGE TOTAL** (Cargo Total por Uso de Gas Actual) encontrarás dos cosas nuevas: **DISTRIBUTION SERVICE** (Servicio de Distribución) and **PURCHASED GAS ADJUSTMENT** (Ajuste de Gas Comprado).
  - 3 **DISTRIBUTION SERVICE** representa el costo de distribuir el gas a tu casa o negocio. Este cargo se establece por la Tennessee Regulatory Authority (Autoridad Regulatoria de Tennessee), y paga los costos del servicio de clientes, la facturación, la inspección de la tubería, el mantenimiento y los servicios de emergencia.
  - 4 **PURCHASED GAS ADJUSTMENT** (PGA) es el costo que Atmos Energy paga a los mayoristas del gas natural que distribuimos a ti. No subimos el precio ni sacamos provecho del precio del gas natural. El Purchased Gas Adjustment mensual se multiplica por el número de CCF de gas que usas cada mes para determinar el precio mensual.
- \* **TAX** (Impuesto) y **OTHER CHARGES** (Otros Cargos) — que aparecen en las facturas de algunos clientes — incluyen cualquier cuota de concesión pagado a tu pueblo o ciudad, cualquier impuesto pagado al estado si eres un cliente comercial o industrial, y cualquier contribución a un programa de asistencia de energía de la comunidad.

Esperamos que te guste esta nueva factura, y deseamos recibir tus comentarios, recomendaciones y preguntas.