

**BEFORE THE**  
**TENNESSEE REGULATORY AUTHORITY**  
**DOCKET NO. 05-00258**  
**REBUTTAL TESTIMONY**  
**OF**  
**DANIEL M. MEZIERE AND JAMES C. CAGLE**

Filed electronically

8/18/06 @ 1:59pm

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

1   **Q.1. Please state your name, job title and business address.**

2   **A.** My name is Daniel M. Meziere. I am the Director of Accounting Services for Atmos  
3       Energy Corporation (“Atmos” or “Company”). My business address is 5430 LBJ  
4       Freeway, Suite 600, Dallas, Texas 75240.

5  
6       My name is James C. Cagle. I am the Manager of Rates and Revenue Requirements for  
7       Atmos Energy Corporation (“Atmos” or the “Company”). My business address is 5430  
8       LBJ Freeway, Suite 700, Dallas, Texas 75240.

9   **Q.2. Have you previously filed testimony in this docket?**

10   **A.** Yes, on July 17, 2006.

11   **Q.3. What is the purpose of your rebuttal testimony?**

12   **A.** The purpose of this rebuttal testimony is to discuss the allocation methodologies utilized  
13       by the TRA Staff and the Consumer Advocate.

14   **Q.4. What allocation methodologies did TRA Staff and Consumer Advocate utilize in**  
15       **their analysis?**

1 The allocation factors and methodologies utilized are generally the same as the factors  
2 and methodologies utilized by the Company in its data responses. We have observed that  
3 no other party to this proceeding has disputed or challenged the Company's allocation  
4 methodology for Shared Services costs. The methodology is more particularly described  
5 in the Company's Cost Allocation Manual (CAM) attached to the direct testimony of  
6 Daniel Meziere. The methodology is also fully discussed in the direct testimony of Mr.  
7 James C. Cagle filed herein.

8 **Q.5. You said "generally". Is there a variation from the Company's methodology?**

9 A. TRA Staff and the Consumer Advocate neglected to include an appropriate allocation of  
10 taxes, other than income taxes, from Shared Services. Mr. Petersen's rebuttal testimony  
11 directly addresses this and provides a correction for this oversight.

12  
13 Additionally, they failed to incorporate the consolidation of the Mid-states and Kentucky  
14 Operating Divisions / Business Units and the consolidation of offices for allocation and  
15 accounting purposes as discussed in my direct testimony. Attachment JCC-R1 illustrates  
16 the allocation of applicable common costs both before and after these changes.

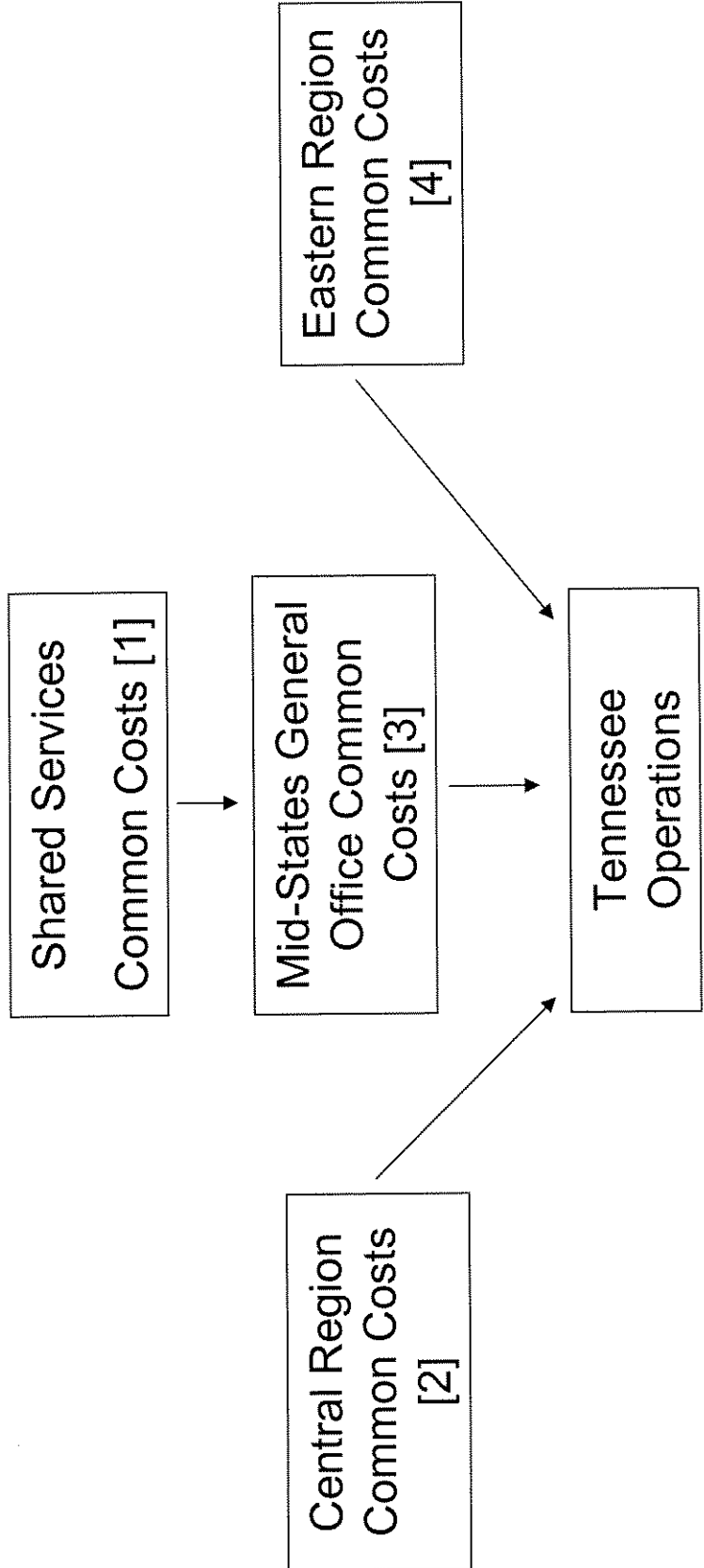
17 **Q.6. Has the Company's cost allocation methodology been recently adopted in any other**  
18 **jurisdiction in connection with setting the Company's rates?**

19 A. Yes. Most recently, the Georgia Public Service Commission adopted the CAM allocation  
20 methodology in the Company's recent rate case in Georgia under Docket No. 20298-U.

21 **Q.7. Does that conclude your testimony?**

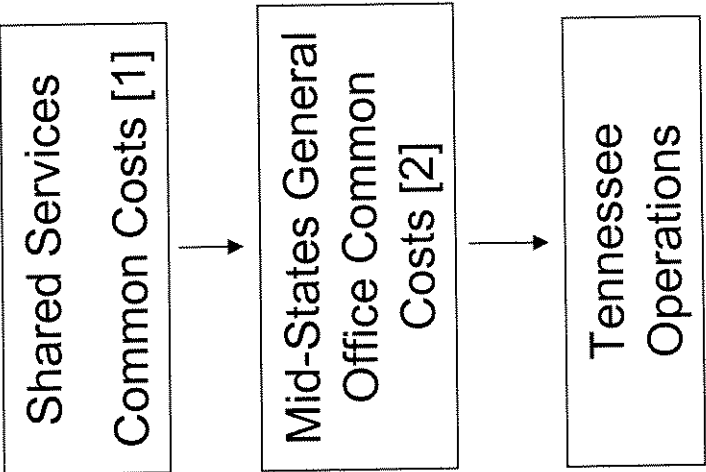
22 A. Yes.

BEFORE



- [1] Shared Services Common Costs are allocated among the rate divisions in each of the Company's 11 States.
- [2] Central Region Common Costs are allocated among the rate divisions in Missouri, Iowa, and Tennessee.
- [3] Mid-States General Office Common Costs are allocated among the rate divisions in Missouri, Iowa, Georgia, Tennessee, and Virginia.
- [4] Eastern Region Common Costs are allocated among the rate divisions in Georgia, Tennessee, and Virginia.

AFTER



[1] Shared Services Common Costs are allocated among the rate divisions in each of the Company's 11 States.

[2] Mid-States General Office Common Costs are allocated among the rate divisions in Missouri, Iowa, Georgia, Tennessee, Virginia, and Kentucky using a composite factor. It includes remaining costs from the Eastern Regional Office, Central Regional Costs, and from the office in Owensboro, Kentucky.