

TENNESSEE REGULATORY AUTHORITY



Sara Kyle, Chairman
Eddie Roberson, Director
Pat Miller, Director
Ron Jones, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

May 8, 2007

MEMORANDUM

To: Chairman Sara Kyle
Director Pat Miller
Director Ron Jones

From: Carsie Mundy, Chief-Consumer Services Division *CSM*
Rebecca Montgomery, Counsel *RM*

Subject: *Petition of Chattanooga Gas Company, Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc., and Atmos Energy Corporation for Approval of Stipulation*
Docket No. 05-00281

Agenda: This matter is scheduled for the May 15, 2007 Conference Agenda.

RECOMMENDATION: Investigative Staff requests that the Authority open a docket to investigate Atmos Energy Corporation to determine whether grounds exist for the issuance of a show cause order due to possible violations of the approved Stipulations in this Docket and appoint a Hearing Officer to issue a show cause order and to hear the matter if grounds exist.

BACKGROUND:

On October 14, 2005, Chattanooga Gas Company, Nashville Gas Company and Atmos Energy Corporation ("Companies") filed their *Petition of Chattanooga Gas Company, Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc., and Atmos Energy Corporation for Approval of Stipulation* ("Petition" or "Stipulation") in this Docket. The Petition set forth stipulations regarding the equal payment plans of the Companies to be effective November 1, 2005 through March 31, 2006. The equal payment plans allowed customers to mitigate the impact of seasonal variations in their natural gas bills over a twelve (12) month period thereby reducing the risk that winter heating bills will be higher than the amount of income available for

the payment of the bills and reducing the potential for customer disconnection. At a regularly scheduled Authority Conference held on October 17, 2005, the Companies presented the stipulations contained in the Petition and answered questions from the panel. The panel voted unanimously to require the Companies to file amended tariffs reflecting the stipulations by October 19, 2005 to give the public until October 24, 2005 to comment on the Petition and the proposed amended tariffs. At the regularly scheduled Authority Conference on November 7, 2005, the Authority voted unanimously to grant the Petition but to change the effective date of the stipulations and the tariff revisions to November 7, 2005.¹

Stipulation No. 2, contained in the Petition, states that for customers who are in good standing as of November 1, 2005, and who fail or are unable to make full payment amounts due for natural gas service rendered on or after November 1, 2005, the billing methodology shall be automatically adjusted to an equal payment plan methodology. Additionally, for a customer to be in good standing, the customer must be either current on his or her account or in compliance with an existing payment arrangement.

DISCUSSION

A document was filed in this docket on April 26, 2006 containing information provided by the Companies which reflected the number of monthly terminations and budget billing customers for each company. This information covered the time periods of October 2004 through March 2005 and October 2005 through March 2006. A copy of this document is attached to this Memorandum as **Exhibit A**. The document reveals that Atmos Energy Corporation (“Atmos”) experienced an increase in service terminations during the October 2005/March 2006 period, during which time the stipulations were in effect, over the October 2004/March 2005 period when the stipulations had not been in effect. After analyzing the Report, the Investigative Staff initiated a series of data requests to Atmos in an effort to try to determine why Atmos’ service terminations increased year over year during the October 2005/March 2006 time frame. Atmos responded to each data request. As a result of the responses Atmos provided, the Investigative Staff is of the opinion that Atmos may have terminated service to at least thirty-three (33) customers during the November 1, 2005 through March 31, 2006 period in violation of the Stipulations and Atmos tariffs on file with the Authority.

Therefore, the Investigative Staff requests that the Authority open a docket to investigate Atmos Energy Corporation to determine whether grounds exist for the issuance of a show cause order due to possible violations of the approved Stipulations in this Docket and appoint a Hearing Officer to issue a show cause order and to hear the matter if grounds exist.

cc: Director Eddie Roberson
Richard Collier, General Counsel
Ms. Pat Childers, Vice President-Regulatory Affairs, Atmos Energy Corporation

¹ See, *Order Granting Petition* entered on April 19, 2006.

Gas Companies
Monthly Terminations and Budget Billing Customers
October 2005 - March 2006
Including Prior Year Information
05-00281

PTC 111111
 2005 APR 26 AM 10:48
 ERIC DOCUMENT RESOURCES

	Atmos	CGC	NGC
<u>Terminations</u>			
October 2005	138	152	329
October 2004	280	98	276
November 2005	206	108	135
November 2004	187	114	201
December 2005	116	77	24
December 2004	101	81	182
January 2006	398	205	52
January 2005	301	300	527
February 2006	486	229	112
February 2005	425	461	903
March 2006	889	425	1,247
March 2005	663	679	1,460
Total 2005-2006 to date	2,233	1,196	1,899
Total 2004-2005 to date	1,957	1,733	3,549

Budget Billing Participants

October 2005	8,183	7,122	10,228
October 2004	7,668	6,971	8,170
November 2005	9,123	7,259	10,700
November 2004	7,593	6,997	8,262
December 2005	9,999	7,378	11,565
December 2004	7,404	7,004	8,246
January 2006	11,654	7,789	13,402
January 2005	7,406	7,016	8,395
February 2006	12,332	8,444	14,184
February 2005	7,527	7,094	8,474
March 2006	12,198	8,898	16,120
March 2005	7,502	7,126	8,430