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March 7, 2014

Docket No. 14-00022

Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
Andrew Jackson State Office Building
Fourth Floor, 500 Deaderick Street
Nashville, TN 37242

VIA HAND DELIVERY

RE: Petition of Atmos Energy Corporation for Approval of Contract
Meter Reading Heightened Procedures with the State of Tennessee

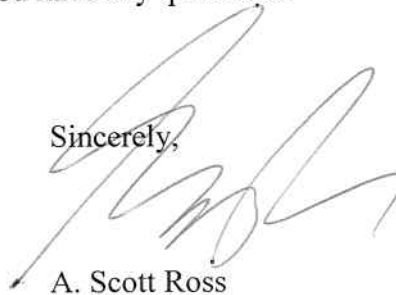
Dear Ms. Dillon:

Enclosed is a Petition as referenced above, along with the Direct Testimony of Wayne Turner on Behalf of Atmos Energy Corporation and our firm check in the amount of \$25.00. In accordance with TRA practice, I have enclosed an original and four copies and am also submitting an electronic version of the filing.

Please feel free to contact me if you have any questions.

Best regards.

Sincerely,



A. Scott Ross

ASR:prd

Enclosures

cc: Pat Childers (w/ Enclosures)

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)
)
PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL)
OF CONTRACT METER READING) Docket No. 14-_____
HEIGHTENED PROCEDURES WITHIN)
STATE OF TENNESSEE)

**PETITION FOR APPROVAL OF CONTRACT METER READING
HEIGHTENED PROCEDURES WITHIN THE STATE OF TENNESSEE**

Pursuant to the *Order Approving Settlement Agreement* ("Order") in Tennessee Regulatory Authority ("TRA") Docket No. 05-00150, Atmos Energy Corporation ("Atmos" or "Company") respectfully requests that the TRA approve the heightened procedures for the renewed use of contract meter reading by Atmos in the State of Tennessee.

In support of this Petition, Atmos respectfully submits the following:

1. Full name and address of the principal place of business of the company are:

Atmos Energy Corporation
5430 LBJ Freeway S 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Patricia D. Childers
Vice President, Rates & Regulatory Affairs
KY/Mid-States Division
Atmos Energy Corporation
810 Crescent Centre Drive, Suite 600
Franklin, TN 37067-6226
(615) 771-8301 – Facsimile

A. Scott Ross, Esq.
Neal & Harwell, PLC
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 726-0573 – Facsimile

Douglas C. Walther, Esq.
Associate General Counsel
Atmos Energy Corporation
P. O. Box 650205
Dallas, TX 75265-0205
(972) 855-3080 – Facsimile

3. Atmos serves approximately 132,000 residential, commercial, and industrial customers in Tennessee. A map of Atmos' Tennessee service territory is included as Exhibit 1 in this petition. Atmos is a public utility pursuant to the laws of the State of Tennessee, and its public utility operations are subject to the jurisdiction of this Authority.

4. Atmos currently does not operate contract meter reading on a permanent basis in Tennessee pursuant to the Order in Docket No. 05-00150, issued on July 15, 2005.

5. The Order does not indefinitely bar the Company from utilizing independent contractors in Tennessee, but states that "Atmos shall notify the Consumer Services Division in advance if it decides to contract out its meter reading function again in the future." The Order requires Atmos to develop heightened procedures to verify the accuracy of meter readings by independent contractors should the Company decide to enter into such contracts in the future. Lastly, the Order requires that "Atmos shall deliver to the TRA, for Authority approval, a written copy of the heightened procedures it proposes to utilize with regard to the independent contractor meter readers before the independent contractors begin the meter reading."

6. In anticipation of the renewal of the use of independent contract meter readers, Atmos has attached a copy of the heightened procedures to this petition as Exhibit 2.

7. In the event the heightened procedures are approved and in compliance with the Settlement Agreement, Atmos agrees to provide reports reflecting the independent contractor's compliance with the heightened procedures to the TRA every 6 (six) months during the term of any meter reading contract the Company may enter into in the future.

WHEREFORE, Atmos respectfully requests that the Authority approve the heightened procedures it proposes to utilize with regard to the independent contract meter readers before the independent contractors begin the meter reading, attached hereto as Exhibit 2, pursuant to Rules 1220-4-5-.08 and 1220-4-5-.09 and *Order Approving Settlement Agreement* in TRA Docket No. 05-00150.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

A. Scott Ross, #15634
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile

Counsel for Atmos Energy Corporation

VERIFICATION

STATE OF TENNESSEE)
)
COUNTY OF WILLIAMSON)

I, Kevin Akers, being duly sworn state that I am the President of the Mid-States and Kentucky Division of Atmos Energy Corporation, the Petitioner in the subject proceeding; that I am authorized to make this verification of behalf of Atmos Energy Corporation; that I have read the foregoing Petition and Exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.



Kevin Akers

SWORN to and subscribed before me
this 7th day of MARCH, 2014.



Notary Public

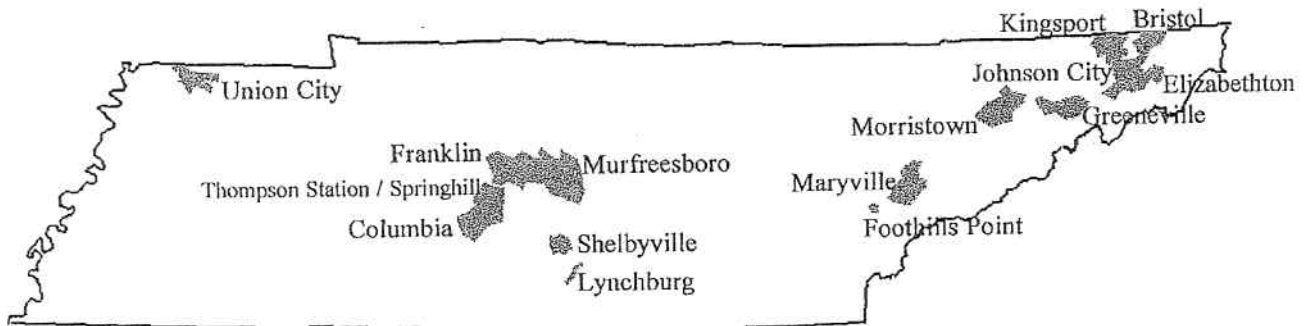
My Commission Expires:

MAY 3, 2016



Schedule PJ-C-1

Atmos Energy Tennessee Service Territory



Meter Reading Audit and Quality Assurance Program

Meter Reading Audit

- The Meter Reading Supervisor for Harris McBurney will audit all meter readers monthly for each Operations Manager's area.
- Audit will consist of ten consecutive reads from selected meter reading route and must be performed within twenty four hours of when meter reader originally read meter.
- Results of audit will be documented and shared with local Operations Supervisor.
- Audit results will be retained by Harris McBurney for at least twelve months so they can be made available in the event of inquiry by Public Service Commission or Atmos Energy Management.

In the event that routine monthly audit results in the discovery of an incorrect original reading or readings, the following guidelines will be followed:

- First occurrence will result in the meter reader being re-qualified on meter reading training system, meter reader will be audited within five days of being re-qualified and number of consecutive reads will be increased to twenty for selected meter route. If all readings are correct, meter reader goes back into routine monthly audit pool. Handling of audit results outlined above.
- Second occurrence will result in the meter reader being re-qualified on meter reading training system, meter reader will be audited within five days of being re-qualified and number of consecutive reads will be increased to thirty for selected meter route. If all readings are correct, meter reader goes back into routine monthly audit pool. A meeting will occur with meter reader, meter reading supervisor and meter reading coordinator for Harris McBurney. Handling of audit results outlined above.
- Third occurrence will result in the meter reader being re-qualified on meter reading training system, meter reader will be audited within five days of being re-qualified and number of consecutive reads will be increased to forty for selected meter route. If all readings are correct, meter reader goes back into routine monthly audit pool. A meeting will occur with meter reader, meter reading supervisor and meter reading coordinator for Harris McBurney and meter reader will also be suspended one day without pay. Handling of audit results outlined above.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)
)
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PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL)
OF CONTRACT METER READING) Docket No. 14 - _____
HEIGHTENED PROCEDURES WITHIN)
THE STATE OF TENNESSEE)

**DIRECT TESTIMONY OF
WAYNE TURNER
ON BEHALF OF ATMOS ENERGY CORPORATION**

Q: Please state your name and business address.

A: My name is Wayne Turner. My business address is 200 Noah Drive, Franklin Tennessee, 37604.

Q: By whom and in what capacity are you employed?

A: I am employed by Atmos Energy Corporation, Kentucky/Mid-States Division ("Atmos" or "the Company") as Operations Manager for the Middle Tennessee region.

Q: Please describe your work history with Atmos.

A: I have been employed by Atmos for 21 years. I began my career as an appliance installer and have held various positions in Atmos with increasing responsibilities. In my current position as Operations Manager, a position which I have held since 2007, I have been extensively involved with Atmos' efforts to reduce meter reading costs in the Middle Tennessee region.

Q: Have you previously offered testimony in any regulatory proceedings?

A: Yes. I have provided testimony to this Authority in various dockets seeking approval of franchise agreements.

1
2 **Q: What is the purpose of your testimony in this case?**

3
4 A: I am testifying on behalf of Atmos in support of the petition filed to approve the contract
5 meter reading heightened procedures in the State of Tennessee in the above-captioned
6 docket.
7

8 **Q: Are you familiar with the Order issued in Tennessee Regulatory Authority ("TRA")**
9 **Docket No. 05-00150 approving the settlement agreement between Atmos and**
10 **Consumer Services Division of the TRA?**

11
12 A: Yes.
13

14 **Q: What are Atmos' intentions regarding contract meter reading in Tennessee?**

15
16 A: Atmos intends to use contract meter readers as the Company transitions to wireless meter
17 reading state wide.
18

19 **Q: Are any contract meter readers currently being used in Tennessee?**

20
21 A: Yes. Contract meter reading labor is being used to read all of the meters in Bristol, TN
22 on an interim basis. This is a unique circumstance as the city of Bristol lies on the
23 Virginia-Tennessee state line and the Authority Staff has allowed this very limited use of
24 contract meter reading in this situation as contract meter reading is used 100% in our
25 Virginia service areas. Outside of Bristol, Atmos does not utilize contract meter reading
26 in Tennessee.
27

28 **Q: In what other divisions has/does Atmos use contract labor to read meters?**

29
30 A: Atmos has used contract meter readers in our Mid-Tex, Louisiana, and Kansas divisions
31 in the past. We are currently using contract meter readers in Kentucky and Virginia (part
32 of our Mid-States division), as well as our Mississippi division.
33

34 **Q: What is Atmos proposing regarding the use of contract meter reading in Tennessee?**

35
36 A: Over the past few years, Atmos has experienced an increase in growth in the Middle
37 Tennessee region, an area which includes the cities of Franklin, Columbia and
38 Murfreesboro. As attrition has occurred amongst our construction employees, most of
39 these positions were not backfilled. In order to keep pace with the growth, the Company
40 has used contract labor to run service lines in these areas. The Company is now

1 proposing to replace the contract labor, when and where possible, being used to run
2 service lines with our meter reading employees as this provides them a greater
3 opportunity for advancement within the Company. Our long term strategy is to have
4 wireless meter reading utilized state wide and we intend only to use contract meter
5 reading as we transition to wireless meter reading.

6
7 **Q: Does the Company currently have any wireless meter reading devices in place in**
8 **Tennessee?**

9
10 A: Yes. Atmos uses wireless meter reading technology to read approximately 30,000 meters
11 in the Middle Tennessee region (Columbia, Franklin and Murfreesboro).

12
13 **Q: Why did the Company not put in place enough infrastructure to completely**
14 **eliminate the need for in house meter reading or contract meter reading in these**
15 **areas?**

16
17 A: The Company's strategy regarding wireless reading was to start slow and strategically
18 place infrastructure so as to eliminate difficult or hard to access routes while we gained
19 experience with this new technology. Also, the Company did not want to force attrition
20 amongst its labor force.

21
22 **Q: How many meters will be read by contract meter readers in the Middle Tennessee**
23 **Sub-Region as Atmos transitions to wireless meter reading?**

24
25 A: Because Atmos already has some wireless meter reading capability in place in these
26 areas, only approximately 45,000 meters will be read using contract labor.

27
28 **Q: Does the Company have any plans to use contract meter readers in any other areas**
29 **of Tennessee?**

30
31 A: Yes. In our East Tennessee region, specifically Johnson City, the Company promoted a
32 construction employee and we intend to fill this position with an existing meter reader.
33 Instead of bringing on another employee to read meters, we would like to use contract
34 labor and would anticipate that contractor to account for approximately 6500 meter
35 readings per month of the 22,000 meters in Johnson City. The Company also anticipates
36 that as additional opportunities become available for our meter reading employees,
37 additional contract meter reading will be utilized in East Tennessee.

38
39 **Q: What are the benefits of using contract labor and eventually wireless technology to**
40 **read meters?**

1
2 A: Again, the Company only intends to use contract labor as a bridge to the point in time
3 when wireless meters reading will be used state wide. We would like to avoid the
4 situation of hiring an employee only to let them go in a year or two when the wireless
5 infrastructure is put in place. In the areas where we are currently using wireless meter
6 reading, the Company is experiencing greater accuracy thus fewer customer complaints
7 and fewer re-reads. We would also anticipate a decrease in expenses related to slip and
8 falls, dog bites, and other injuries commonly seen among our meter readers.
9

10 **Q: Does Atmos have in place any safeguards to ensure accurate readings from contract**
11 **meter readers and wireless meter reading?**
12

13 A: Yes. As with all meter reading, including in house meter reading, the Company uses
14 High-Low reports to monitor the accuracy of reads. These reports produce an estimate
15 of what the read is anticipated to be and compare these estimates to the actual reads.
16 These estimates are based on past history, year over year, as well as heating degree days
17 for the respective period. If the comparison of the estimate and the actual read falls
18 outside a pre-determined range, the read is marked for a re-read. All re-reads are being
19 done by Company employees.
20

21 **Q. Who would Atmos contract with to provide the contract meter reading services?**
22

23 A: Atmos would use Harris McBurney, the same company currently providing meter reading
24 services in Atmos' Kentucky and Virginia jurisdictions. Harris McBurney is a
25 recognized authority and provider of a broad scope of services to both the
26 telecommunications and utility industry. They have been providing service in both
27 Kentucky and Virginia for several years. Both Atmos and Harris McBurney have put in
28 place certain audit procedures as part of a Quality Assurance and Quality Control Plan.
29

30 **Q: Is Harris McBurney the same company that was involved in the previous meter**
31 **discrepancies which led to the Order in TRA Docket No. 05-00150?**
32

33 A: No.
34

35 **Q: Can you describe the heightened audit procedures that would be used relative to**
36 **contract meter reading occurring in Tennessee?**
37

38 A: Yes. In all jurisdictions where Harris McBurney provides meter reading services,
39 supervisors for Harris McBurney would audit all meter readers on a monthly basis for
40 each of our service areas. The audits consist of ten consecutive reads from selected

1 routes and must be performed within 24 hours of the original read. Results of the audit
2 are documented and shared with each Atmos Operations Supervisor. These audits would
3 be retained by Harris McBurney for at least 12 months so they can be made available in the
4 event of inquiry by the Authority or Atmos Management.
5

6 **Q: What would happen in the event these audits show reads that are routinely**
7 **incorrect?**
8

9 A: If the audits show that a meter reader is routinely producing incorrect reads, the first
10 occurrence will result in the meter reader being re-qualified on meter reading training,
11 he/she will be audited within 5 days, and the sample size of the audit will be increased to
12 20 reads for the selected route. If all subsequent readings are found to be correct, the
13 meter reader will go back to the routine monthly audit pool. The second occurrence of
14 consistently wrong reads will result in additional meter reading training, the sample size
15 of the audit, which will occur within 5 days, will be increased to 30, and he/she will meet
16 with a meter reading supervisor and coordinator to discuss the issue. If all subsequent
17 reads are correct, the meter reader will go back to the routine monthly audit pool. If a
18 third occurrence of consistently wrong reads occurs, the meter reader will again be re-
19 qualified on meter reading training, the audit sample sizes will be increased to 40, the
20 meter reader will have a second meeting with his supervisor and coordinator, and he/she
21 will be suspended 1 day without pay.
22

23 **Q: Does this conclude your testimony?**
24

25 A: Yes.
26
27

Wayne Turner
Wayne Turner

STATE OF TENNESSEE)
)
COUNTY OF WILLIAMSON)

SWORN to and subscribed before me
this 7 day of MARCH, 2014.

Michael T. Davis
Notary Public

My Commission Expires: 10/20/2014

