

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Atmos Energy)	
Corporation's Tariff Revision Designed to)	
Consolidate Rates and Implement a)	
General Rate Increase for Natural Gas)	Case No. GR-2006-0387
Service in the Missouri Service Area of)	
the Company.)	

STAFF'S REPORT IN RESPONSE

TO COMMISSION ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and submits its Report in Response to the Commission's October 19, 2006 Order Directing Filing. In response Staff states:

1. On October 19, 2006, the Commission issued its Order Directing Staff to answer certain questions concerning Atmos Energy Corporation's (Atmos) customer service.
2. Staff has further investigated customer service issues and complaints. Attached for filing in this case is Staff's Report, in both Highly Confidential and Public versions, with attachment and affidavit.
3. If the Commission has any additional questions, please let Staff know and Staff will respond promptly.

WHEREFORE, the Staff respectfully requests the Commission accept Staff's Report in Compliance with the Commission's Order Directing filing.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell
Deputy General Counsel
Missouri Bar No. 43792

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 1st day of November 2006.

/s/ Lera L. Shemwell

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF RESPONSE TO COMMISSION ORDER

NON PROPRIETARY

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

*Jefferson City, Missouri
November 2006*

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Atmos Energy Corporation's Tariff)
Revision Designed to Consolidate Rates and)
Implement a General Rate Increase for Natural Gas)
Service in the Missouri Service Area of the)
Company.

Case No. GR-2006-0387

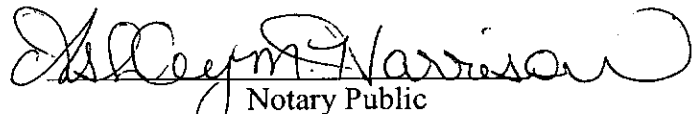
AFFIDAVIT OF LISA A. KREMER

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Lisa Kremer, of lawful age, on her oath states: that she has participated in the preparation of the following Staff Responses; that the information is given by her; that she has knowledge of the matters set forth; and that such matters are true and correct to the best of her knowledge and belief.


Lisa A. Kremer

Subscribed and sworn to before me this 1st day of November 2006.


Notary Public



ASHLEY M. HARRISON
My Commission Expires
August 31, 2010
Cole County
Commission #06899878

STAFF'S RESPONSE TO COMMISSION ORDER

In response to the Commission's October 19, 2006 order in Case No. GR-2006-0387, the Staff provides the following requested information with reference to items A, B and C:

A. Please provide detail of the nature of customer complaints received at the Commission since January 1, 2004. Specifically, state whether these complaints have involved a problem with customer service or if the complaint is due to the lack of a local company representative.

Staff's Analysis and Response:

The Staff has reviewed Atmos customer complaints made to the Missouri Public Service Commission from January 1, 2004, through October 25, 2006. The following presents the total number of complaints for each year as well as the number in each specific category of: Billing, Service Quality, Rules and Regulations, Rates/Tariff and Other/Miscellaneous.

	2004	2005	2006 (Through October 25, 2006)
Billing	8	10	15
Service Quality	8	4	0
Rules/Regulations	38	34	21
Rates/Tariffs	2	3	0
Other/Misc	1	1	1
Total	57	52	37
Total Complaints Reviewed 2004 through October 25, 2006:			146

Upon review of the information on each customer complaint, the Staff found three comments expressing dissatisfaction regarding the Company's call center performance, two with respect to long wait times and one indicating that Atmos had been "very rude." Upon review of the transcripts of the local public hearings conducted during the Company's present rate case, the Staff found four customers who had expressed dissatisfaction with the Company's call center performance.

Three comments made during the local public hearings addressed poor customer communication by the Company's call center in answering questions and one comment addressed long hold times while waiting to speak to a customer service representative. These customer complaints were made at local public hearings held in Sikeston and Kirksville, Missouri on September 25, and September 26, 2006, respectively. Three customers in Kirksville (two of the three customers resided at the same address) indicated that, while their concerns were not satisfactorily responded to by the Company's call center, they did receive satisfactory responses once they visited the Company's local business offices.

None of the customer complaint documentation reviewed, including both Missouri Public Service Commission (PSC) complaint records and the transcripts of local public hearings, specifically addressed customer concerns with not having accessibility to local Company representatives. However, as indicated above, when a satisfactory explanation from the Company's call center was not received, customers testified at the Kirksville local public hearing that they contacted the Company's local public business office in Kirksville, Missouri and had greater satisfaction with the responses received there than those received by the Company's call center.

The Staff requested the record of the notes the Atmos call center had regarding the three Kirksville customers and the Atmos' call center record is attached as Exhibit 1. Commission rule, 4 CSR 240-13.040 (5) (B) requires regulated gas, electric and water utilities to maintain records on its customers for at least two years, including the number and general description of complaints registered with the utility.

B. During the Kirksville public hearing, at least one witness testified that she received poor service from the call center, but was satisfied with the service she received when she went to the company office. The Commission directs the parties to address this comment in detail, including an analysis of whether customer service could be improved if a local contact was available by telephone.

Staff's Analysis and Response:

During the Kirksville local public hearing, three customers provided testimony: Ms. Irene Weber, her daughter, Ms. Nellie Smith (these customers reside at the same address) and Ms. Sylvia MacAuley. All three of these customers expressed dissatisfaction with the experience they had when contacting the Atmos call center, and indicated that the call center representatives did not seem to understand their questions or were unable to satisfactorily answer them. One customer, Ms. MacAuley, testified that a call center representative was discourteous or "hostile".

The Staff has reviewed the transcript of the local public hearing in Kirksville, heard the testimony during video-broadcast of the hearing on September 26, 2006, and reviewed the call center's written notes on the accounts made at the time the customers called the call center, which are attached as Exhibit 1. The Staff also listened to a recording of the actual call Ms. MacAuley had with the Atmos call center on February 20, 2006. After listening to

the recorded call, the Staff agrees with the customer that her question regarding her budget bill was not sufficiently answered by the Company's call center. Customer education and call center training regarding the Company's budget bill program is addressed in my rebuttal testimony filed in this case.

Upon review of PSC customer complaints from 2004 through October 25, 2006, the Staff found at least four other instances where customers expressed some confusion regarding the Company's budget bill program. The Staff has requested the Commission to order Atmos to take specific steps to increase its customer education regarding how its budget bill program works as well as what the customer must do to be a budget bill customer.

Regulated utility companies need to be accessible to the customers who use their services. Call centers have become increasingly important to regulated utility operations as utilities have closed their local business offices. Atmos still has a number of local business offices available to customers who walk-in and the Staff has been informed by the Company that the addresses for all of its local offices are in the yellow-pages of the telephone books of the communities they serve. What is not printed or advertised is the telephone number for the local business office. Customers who desire to call Atmos will find the telephone number of the Company's call centers and calls may be answered by one of two centers located in Amarillo, Texas and Metairie, Louisiana.

Call centers can provide an effective and efficient way for utilities to be accessible to their customers but they must operate with attention toward a number of criteria. My direct testimony addressed concerns the Staff has had with the call answer times of Atmos' call centers. Responding to customer calls in reasonable amounts of time is critical in the operation of utility call centers, but call centers need to do more than answer the phone in a

timely manner. They need to ensure that call center representatives are appropriately trained in Missouri Commission rules and the Company's tariffs and ensure that customers are given accurate and consistent information, regardless of which call center representative they reach. Call center representatives should also be courteous to customers, regardless of the questions coming from the customer or the position the utility has on the matter of the call.

The Company indicated in response to the Staff's concerns regarding call center performance that it was adding additional staff to its center and staffing numbers received by the Staff for August 2006 demonstrated a staffing increase. The Company has indicated also that it is committed to improving its call center performance, including call response times and providing educational materials to customers who inquire about budget billing. While the Staff does not know why a particular representative might be discourteous, insufficient staffing can cause representatives to hasten their time on calls in order to answer other calls pending in the call queue. Sufficient staffing and training are important considerations in utility call center performance.

It is the Staff's opinion that if Atmos will take the steps it has committed to, its call center performance should improve and Atmos will not need to advertise the telephone number of its local business offices. The Company indicated to the Staff that in 2000, when natural gas prices were rising, it advertised the telephone numbers of its local business offices in newspapers in order to ensure that the Company was effectively responding to customer questions regarding the rising prices. The Company also indicates that while the local phone numbers are not published in telephone directories, they are made available on an informal basis. The Company indicates that customers who walk into local business offices are often given business cards that have the local office number on them should the customers need

additional assistance. ** _____

_____ **

Atmos' call centers have the ability to provide effective service to customers if they are effectively managed and operated. If regulated utility call centers are functioning effectively, customers should receive the same quality service, whether their calls are being answered by a large utility call center or by the utility's local business office. The accuracy, completeness and consistency of the information relayed, speed of answer, courtesy, and general service should be identical to the customer, regardless of which Company local office or call center is responding to calls. Call centers also have the ability to provide additional service hours beyond the hours a local business office may be available to customers. The Atmos call centers are available to Missouri customers 24 hours a day, seven days a week and also during the holidays. These available hours are beyond the hours able to be offered by the Company's Missouri local business offices.

Should Atmos' call center performance not improve and the Company does not seek to better educate its Missouri customers on its budget billing program, it may be appropriate and beneficial to its Missouri customers to require Atmos to advertise or publish the phone numbers of its local business offices.

C. Address any other issues involving improvement of customer service performance.

Staff's Analysis and Response:

The Staff has addressed the call center performance of Atmos and the Company's need to make greater efforts to educate its customers on its budget billing program in direct and rebuttal testimony filed in the Company's present rate case. The Staff has no additional issues regarding the Company's customer service at this time.

EXHIBIT 1 HAS BEEN DEEMED HIGHLY CONFIDENTIAL IN ITS ENTIRETY