

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

In the Matter of Atmos Energy Corporation's Tariff )  
Revision Designed to Implement a General Rate ) **File No. GR-2010-0192, et al.**  
Increase for Natural Gas Service in the Missouri ) Tariff No. YG-2010-0426  
Service Area of the Company )

## **DISSENTING OPINION OF CHAIRMAN ROBERT M. CLAYTON III**

This Commissioner dissents from the Report and Order granting Atmos Energy Corporation (Atmos) a general rate increase. While there are a number of positive, constructive changes to the manner in which the Commission is addressing rate increases, this Commissioner has a basic philosophical difference of opinion that prevents participation in the Report. This opinion attempts to set out areas of disagreement in policy as well as highlight improvements from past cases.

First and foremost, in the eyes of rate payers, there is never a good time for a rate increase, especially during challenging economic times. Testimony at Local Public Hearings yet again confirmed that residential and commercial customers are struggling in the worst economic downturn since the Great Depression. Customers testified to increases in unemployment and many of those who are employed described the effects of underemployment. It is clear that many customers are living on a month-to-month basis without any cushion to absorb any unexpected or additional expenses. Further, business and governmental leaders have advised of cut-backs and layoffs, of reduced revenues and earnings and of uncertainties as the economy slowly recovers. Any increases in utility cost have a significant impact.

Consequently, this Commissioner dissents for a number of reasons. First, this Commissioner has concerns with the utility's rate design, in which the Northeast region

continues to have the highest fixed monthly charge in the Atmos service territory. In Atmos' last rate case, this Commissioner raised concerns that the Northeast region was being treated unfairly. The prior Commission order consolidated Atmos' seven service territories into three districts, the Northeast (NEMO, which includes Kirksville, Bowling Green, Hannibal and Palmyra), Southeast (SEMO, which includes Jackson, Sikeston, Kennett, New Madrid and Caruthersville), and the Western District (WEMO, which includes Butler). Over this Commissioner's objection, the Commission ordered strikingly different rates for each of the districts. The NEMO district was assigned the highest fixed monthly charge.

In this case, the disparity among districts increases. The NEMO and WEMO districts have a 14% increase while the SEMO district is only subjected to a 11% increase. In fact, the SEMO district actually has its fixed charged reduced while the other two districts have an increase. The NEMO district pays the highest fixed monthly charge and the highest volumetric charge under the new rate design. NEMO is especially affected because of significant infrastructure investments in safety-related main replacement programs and because it has a lower number of customers in comparison to the SEMO district. This Commissioner does not have sufficient confidence in the cost of service analysis to support such rates. Additional concerns arise because the NEMO district will face higher rates because of colder temperatures and more days of home heating because of its northern geographic location.

Secondly, this Commissioner dissents because of inadequate treatment of low-income customers. The Commission in recent cases for gas and electric utilities has mandated a fresh approach to addressing affordability issues for utility customers. Low-income customers struggle with paying their bill during the cold winter months. Recently, some utilities have been mandated to give a new look at affordability programs, rate design modifications and new levels

of funding to do more than simply pay off past due accounts. While the parties attempted to contemplate low-income needs with a voluntary customer contribution and company matching program, it is this Commissioner's concern that we are not doing enough for Atmos' low-income customers.

While this Commissioner cannot support the Report and Order, it should be noted that this order is an improvement since the last case. This case is being resolved by unanimous agreement of the parties, including the rate payers' advocate. This order significantly increases funding for energy efficiency and weatherization to levels consistent with other utilities. Customers will now have improved access to information and financial incentives to be empowered to take control of their energy usage. Funding levels will increase toward a goal of .5% of gross operating revenues. This approved agreement also retreats from prior requirements associated with customers paying seasonal disconnection fees.

Despite these improvements and based on the foregoing reasons, this Commissioner must respectfully dissent.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert M. Clayton III", with a stylized flourish at the end.

Robert M. Clayton III

Dated at Jefferson City  
On this 19<sup>th</sup> day of August 2010