

Exhibit No.: Issues:

Class Cost of Service

Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared: Thomas M. Imhoff MO PSC Staff Rebuttal Testimony GR-2006-0387 October 31, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

THOMAS M. IMHOFF

ATOMS ENERGY CORPORATION

CASE NO. GR-2006-0387

Jefferson City, Missouri October 2006

<u>Staff</u> Exhibit No. <u>119</u> Case No(s). <u>CR-2006-0387</u> Date <u>11-30-06</u> Rptr <u>PF</u>

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 THOMAS M. IMHOFF

STATE OF MISSOURI)) SS **COUNTY OF COLE**)

Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 3 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Thom M. Jone Thomas M. Imhoff

Subscribed and sworn to before me this $30^{t/t}$ day of October, 2006.



SUSAN L. SUNDERMEYER My Commission Expires September 21, 2010 Callaway County Commission #06942086

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My commission expires 9-21-10

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12	Q. Please state your name and business address.
13	A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.
14	Q. Are you the same Thomas M. Imhoff who filed direct testimony in this case?
15	A. Yes I am.
16	EXECUTIVE SUMMARY
17	Q. What is the nature of your Rebuttal Testimony as it relates to this case?
18	A. My Rebuttal Testimony will address certain aspects of Atmos Energy Inc.
19	(Atmos or Company) witness Gary L. Smith's Direct Testimony on the "Weather
20	Normalization Adjustment" Clause, and Atmos witness Pat Childers on the Purchased Gas
21	Adjustment (PGA) consolidation. I will also address the Class Cost of Service Study
22	(CCOS) direct testimonies of Barbara Meisenheimer of the Office of the Public Counsel
23	(OPC) and Don Johnstone of Noranda. I will also address the confidential tariff rate proposal
24	of Noranda witness Johnstone.
25	WEATHER NORMALIZATION ADJUSTMENT
26	Q. Have you reviewed the WNA proposal filed by Company witness Smith?
27	A. Yes I have.
28	Q. Do you agree with Atmos' proposal?

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Rebuttal Testimony of Thomas M. Imhoff

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1	A. No. Staff disagrees with this proposal. Atmos' proposal changes the rate to
2	be charged to the customer when the weather varies from normal. This proposal attempts to
3	implement Senate Bill 179 (SB179) legislation that was passed by the legislature during the
4	2005 legislative session. There are no rules currently in effect to implement a weather
5	adjustment clause as defined in SB179. Rules need to be in place before a weather
6	adjustment clause can even be contemplated. Staff notes that the amount by which Atmos'
7	proposed WNA adjusts the margin rate it would charge a customer is not specified in the
8	tariff. Staff witness Anne Ross' proposed rate design would be the more appropriate method
9	to address the weather portion more than a WNA.
10	PGA DISTRICT CONSOLIDATION
11	Q. What is Staff's position relating to the Purchased Gas Adjustment (PGA)
12	district consolidation?
13	A. Staff's pre-filed direct position to consolidate the PGA districts into four is the
14	appropriate method to adopt. Atmos' proposal of one state-wide PGA rate is not appropriate.
15	The Staff's proposal takes the transportation, gas supply basin and pipelines into account and
16	is more reflective of the PGA costs for each of the four proposed districts.
17	CLASS COST OF SERVICE
18	Q. Does Staff have concerns relating to Noranda's filed CCOS?
19	A. Yes. Staff believes that Noranda witness Don Johnstone's CCOS is irrelevant
20	and should not be considered. The CCOS filed utilizes stale data that is ten years old. The
21	CCOS was filed when a different company owned the properties. Associated Natural Gas
22	Company (ANG) had ownership of the properties at the time this CCOS was performed.
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Rebuttal Testimony of Thomas M. Imhoff

Atmos is a completely different company from ANG, and the use of current cost and revenue
 data should be used when conducting a CCOS.

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Q. Does Staff have any comments regarding the direct testimony of OPC witness Barbara Meisenheimer?

A. Yes. Over half of the difference between Staff's CCOS and OPC witness Meisenheimer's CCOS is related to the mains allocator. However, since the rebuttal testimony of Staff witness Steve Rackers indicates that a zero increase in revenue requirement is appropriate, I recommend that there be no shifts between classes in this case as proposed by Atmos.

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Are there other reasons for no shifts between the rate classes?

A. Yes. The proposed consolidation of districts and rate design changes would have rate impacts within the classes even without shifts in class revenue responsibilities. The additional rate shifts between the classes would result in further impacts, and therefore, a zero increase in revenue requirement would support no class revenue shifts.

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NORANDA'S CONFIDENTIAL RATE SCHEDULE PROPOSAL

Q. Does Staff agree with Noranda witness Johnstone's proposal to establish a
confidential rate schedule for Noranda?

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A. No. Staff does not support a confidential rate schedule. Given the zero
revenue increase as described in Staff witness Steve Rackers' rebuttal testimony, the Large
Volume Service/ Flexible Rates for Large Volume Transportation customers should remain
the same.

- 22 Q. Does this conclude your rebuttal testimony?
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- A. Yes it does.