

FILED³
DEC 20 2006
Missouri Public
Service Commission

Exhibit No.:
Issues: Large Customer
Annualization
Witness: Anne Ross
Sponsoring Party: MO PSC Staff
Type of Exhibit: Direct Testimony
Case No.: GR-2006-0387
Date Testimony Prepared: September 13, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

ANNE ROSS

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

**Jefferson City, Missouri
September 2006**

Staff Exhibit No. 111
Case No(s). GR-2006-0387
Date 11-30-06 Rptr PF

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 ANNE ROSS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Anne Ross, of lawful age, on her oath states: that she has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 4 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.

Anne Ross

Anne Ross

Subscribed and sworn to before me this 12th day of September, 2006.

Dawn L. Hake

Notary Public

DAWN L. HAKE
My Commission Expires
March 16, 2009
Cole County
Commission #05407643



My commission expires _____

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DIRECT TESTIMONY
OF
ANNE ROSS
ATMOS ENERGY CORPORATION
CASE NO. GR-2006-0387

Q. Please state your name and business address.

A. Anne E. Ross, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am a Regulatory Economist with the Missouri Public Service Commission
(Commission).

Q. Please describe your educational background.

A. I graduated from the University of Missouri-Columbia in 1986 with an
undergraduate degree in Business Administration. I graduated with a Masters of Business
Administration in 1989.

Q. Please describe your work experience.

A. I have been employed with the Commission as a Regulatory Economist since
1989. I have also been an Adjunct Professor at Columbia College since 1989.

Q. What has been the nature of your duties while in the employ of the
Commission?

A. The general nature of my duties at the Commission have included Class Cost
of Service, Rate Design, Large Customer Analysis, and the design of programs for lower
income natural gas customers.

Q. Have you previously filed testimony before this Commission?

Direct Testimony of
Anne Ross

1 A. Yes. Schedule 1 is a list of the gas cases in which I have filed testimony.

2 Q. What is the purpose of your direct testimony?

3 A. The purpose of my direct testimony is to describe the usage and revenue
4 adjustments that the Staff is proposing to the usage of the Atmos Energy Company's (Atmos
5 or Company) large customer classes: Large General Service Firm Sales (LGS), Large
6 Volume Service Interruptible Sales (LVS), and Transportation customers.

7 Q. What types of modifications are made to large customers' test year usage and
8 revenues?

9 A. Typical adjustments include adjustments (1) to reflect customers coming on or
10 going off the Company's system during the test year; (2) to annualize customer accounts that
11 take service on more than one tariff during the year; and (3) to annualize a customer's bill
12 count to reflect 12 monthly bills for the test year. This is done when the large customer
13 appears to be taking service on a seasonal basis; that is, the customer shows a recurring
14 pattern of taking service for a few months, then dropping off for the remainder of the year.

15 Q. What adjustment is made if a customer comes on the system during the test
16 year?

17 A. When a customer comes on the Atmos system during the test year, the
18 customer's test year usage and revenues are estimated, and customer numbers are increased
19 to reflect 12 monthly bills.

20 Q. What adjustment is needed if a customer goes off the system during the test
21 year?

Direct Testimony of
Anne Ross

1 A. When a customer leaves the system during the test year, the customer's usage,
2 and the associated revenue, is removed, since the customer is no longer on the system, and
3 will not provide any future ongoing revenue for the Company.

4 Q. Did you sponsor any adjustments to reflect customers coming on or leaving
5 the Atmos system?

6 A. Yes. I sponsored an adjustment to reflect the removal of revenues for a LGS-
7 Sales customer in Atmos' U (Palmyra) district that left the system during the test year. I am
8 also sponsoring an adjustment to reflect the change in revenues in Atmos' SEMO district
9 resulting from one LVS Interruptible Sales customer coming on the system, and another LVS
10 Interruptible Sales customer dropping off the Atmos' system during the test year.

11 Q. What type of adjustment is made if a customer takes service under two or
12 more rate codes during the test year?

13 A. This is called a rate-switching adjustment. In this case, the customer's usage
14 and revenue is removed from the class it was in at the beginning of the test year, and added to
15 that of the class it is in at the end of the test year, as it is assumed that, in a normal year, the
16 customer will take service under only one tariff and that it will continue in the class to which
17 it moved at the end of the test year.

18 Q. Why would customers switch from one rate class to another?

19 A. Rate switching can occur for several reasons. The nature of a customer's
20 operations may have changed and taking service under another rate schedule is now more
21 appropriate. The customer may find it to be economical to switch to another rate schedule.
22 Finally, the customer may decide to procure its own gas, which would make a rate schedule
23 switch necessary.

Direct Testimony of
Anne Ross

1 Q. Are you sponsoring Staff adjustments to reflect the effect of customers
2 switching rate classes?

3 A. Yes. I sponsored an adjustment to reflect the revenue effect resulting from
4 two customers switching from LVS Transportation to LVS Interruptible Sales service in the
5 Company's Butler district, and one customer switching from LVS Transportation to LVS
6 Interruptible Sales in Atmos' U(Hannibal, Canton, Bowling Green) district.

7 Q. Are you sponsoring Staff adjustments to reflect annualize the revenues of any
8 customers that had less than 12 monthly bills?

9 A. Yes. I annualized the customer charge count and revenue for a LVS
10 Interruptible Sales customer in Atmos' Kirksville district, and for two SEMO district LVS
11 customers.

12 Q. Did you make an adjustment to Ccf usage for these customers?

13 A. There was no adjustment made to usage, as these customers appear to be
14 seasonal and do not use natural gas in the months that were adjusted.

15 Q. Does the Staff have any outstanding questions regarding the transaction
16 between Atmos and an Arkansas wholesale customer?

17 A. Yes. Based on responses to these questions and any additional examination,
18 the Staff may have to file supplemental testimony to address this situation.

19 Q. Does this conclude your direct testimony on adjustments to large customer
20 usage and revenues?

21 A. Yes.

CASES FILED BEFORE MO PUBLIC SERVICE COMMISSION

<u>CASE NO.</u>	<u>COMPANY</u>
GR-90-50	Kansas Power and Light
GR-90-120	Laclede Gas Company
GR-90-152	Associated Natural Gas
GR-90-198	Missouri Public Service Gas
GR-91-249	United Cities Gas Company
GR-91-291	Kansas Power and Light
GR-92-165	Laclede Gas Company
GR-93-42	St. Joseph Light and Power - Gas
GR-93-47	United Cities Gas Company
GR-93-172	Missouri Public Service Gas
GR-93-240	Western Resources
GR-94-0220	Laclede Gas Company
GA-94-0127	Tartan Energy Company
GR-95-0160	United Cities Gas Company
GR-96-0193	Laclede Gas Company
GR-96-0285	Missouri Gas Energy
GR-99-0042	St. Joseph Light and Power - Gas
GR-2002-0356	Laclede Gas Company
GR-2003-517	AmerenUE - Gas
GR-2004-0072	Aquila Networks - Gas
GR-2004-0209	Missouri Gas Energy
GR-2005-0284	Laclede Gas Company

SCHEDULE 1