

**ALDERSON, ALDERSON, WEILER,
CONKLIN, BURGHART & CROW, L.L.C.**
ATTORNEYS AT LAW

W. ROBERT ALDERSON, JR.
ALAN F. ALDERSON*
JOSEPH M. WEILER
DARIN M. CONKLIN
MARK A. BURGHART*
DANIEL W. CROW**
MICHELLE L. MILLER

2101 S.W. 21ST STREET
TOPEKA, KANSAS 66604-3174
MAILING ADDRESS: P.O. BOX 237
TOPEKA, KANSAS 66601-0237

(785) 232-0753
FACSIMILE: (785) 232-1866
WEB SITE: www.aldersonlaw.com

OF COUNSEL:
BRIAN FROST
SCOTT S. SUMPTER
THOMAS C. HENDERSON

*LL.M., TAXATION
**LICENSED TO PRACTICE IN
KANSAS AND MISSOURI

**TESTIMONY OF BOB ALDERSON
ON BEHALF OF ATMOS ENERGY CORPORATION
BEFORE THE
SENATE COMMITTEE ON UTILITIES
FEBRUARY 20, 2004**

Chairman Clark and Members of the Senate Committee on Utilities:

I am Bob Alderson, a lawyer in private practice in Topeka, and I am appearing today on behalf of Atmos Energy Corporation in opposition to Senate Bill No. 522. Thank you for the opportunity to appear before the Committee.

SB 522 was introduced by this Committee at the request of Senator Karin Brownlee, a member of the Committee. Atmos understands that the impetus for the proposed legislation is a glitch in Atmos's billing program. However, we also submit that the bill is a result of a failure in communication.

Utilities have a responsibility under the billing standards to read meters correctly and remit bills correctly, and Atmos certainly understands that a failure to satisfy these standards can cause concern for its customers who are affected. But, when errors do occur, Atmos believes there needs to be effective communication between these customers and Atmos to correct the errors, rather than an attempt to legislate directions that are already in place.

Transportation customers on the Atmos Energy system have been subject to a cashout of the positive or negative imbalances resulting from nominating volumes of gas different than the volumes of gas that the transportation customer actually uses. The methodology for this cashout calculation was based on the highest indexed price for the difference when volumes delivered were less than volumes actually used, and based on the lowest indexed price for the

difference when volumes delivered were greater than volumes actually used. This methodology was approved by the Kansas Corporation Commission in the filed tariffs, and was set up in this way to encourage transportation customers to work with their agent to receive only the volume of gas that they actually used.

Atmos Energy recognized that there was a better way to handle its transportation customers' imbalances and modified its cashout methodology in its recent tariff filing that was approved by the KCC on January 5, 2004, with an effective date of February 1, 2004. The cashout method being recommended in this bill is the same method that Atmos Energy will use under its new tariff, except that Atmos Energy actually went a step further and allowed its transportation customers to pool their volumes with their agent under a pooling agreement, which gives the agent 30 days to correct the positive or negative imbalance before there is a cashout. Under this new methodology, it will be very rare, indeed, if any transportation customer or agent is ever cashed out.

With respect to providing written notice to the transportation customers as to when the meters will be read for billing purposes, Atmos Energy already does that. Atmos also believes that the other regulated utilities either routinely provide this information to their transportation customers or will provide it on request. This is not something that needs to be legislated.

The final part of SB 522, Section 1 (b), came about because of a modification to the Atmos Energy billing program that dropped the last number in the date of the ending meter reading when the bill was printed. On the computer screen, the bill read correctly, but the print program caused the last digit on the ending meter reading date to be omitted. Once this was brought to our attention, the problem was fixed.

This bill is unnecessary. The problems addressed in SB 522 are not universal problems needing legislation to resolve, but rather misunderstandings or correctible errors or changes in methodology that have already been corrected. Atmos always stands ready to address any billing errors or other problems brought to its attention by its customers. That is the key. When a customer experiences problems with the billing system Atmos has in place, these