



2008.01.08 10:29:28
Kansas Corporation Commission
/S/ Susan K. Duffy

08-ATMG-678-CPL

January 7, 2008

Ms. Susan Duffy, Executive Director
Executive Director Utilities Division
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604-4027

STATE CORPORATION COMMISSION

JAN 08 2008

 Docket
Room

Dear Ms. Duffy:

Enclosed please find Atmos Energy Corporation revised Summary of Policy & Procedures for Recovering Uncollectible Expenses in accordance to Docket 05-ATMG-643-GIG paragraph H.

The changes effective August 30, 2007 are:

- Day of Termination Notice
- Day of Disconnect
- Day deemed uncollectible

The changes effective October 8, 2007 are:

- Day sent to Collection

Should you have any questions or need further information, please contact me at (972) 855-3014.

Sincerely yours,



Beth Beres
Rate Analyst / Rate Administration

Enclosures

Cc: Mr. James Flaherty
Ms. Karen Wilkes
Mr. Jim Bartling, Olathe
Mr. Joe Christian
Mr. Jeff McClanahan

Attachments

Summary of Policy & Procedures for Recovering Uncollectible Expenses

Past Due dates are first determined by service class. For example:

- Residential class customers are billed and given 28-days before they are considered "past due".
 - On day 29 they are considered past due and eligible for delinquent action.
 - We begin delinquent action on day 30 by charging a 2% Penalty.
 - Day 31 we send a Termination Notice with a 10 day "due date".
 - Day 41 we make attempt to contact customer giving a 24-hour disconnect notice.
 - Day 42 customer is scheduled for disconnection of service.
-
- Commercial, Industrial, Irrigation, and Transportation class customers are billed and given 15-days before they are considered "past due".
 - On day 16 they are considered past due and eligible for delinquent action.
 - We begin delinquent action on day 17 by charging a 2% Penalty.
 - Day ~~18~~ **22** we send a Termination Notice with a 10 day "due date".
 - Day ~~29~~ **33** customer is scheduled for disconnection of service.

At the time of disconnection the Company follows the disconnection procedures outlined in its tariff. More specifically, if termination is permitted, as outlined in Schedule I: Rules & Regulations, Sheet 38 and 38 of 105.

If any customer is disconnected from the Company's gas service, a final bill is issued the day following any disconnection of service. The billed amount is calculated from the last reading of the previous bill to the date of disconnection, plus any applicable fees, less any applicable deposits plus accrued interest. If the bill remains unpaid for at least ~~30~~ **20** days after issuance, it will be subsequently reviewed, then submitted to an outside (third party) collection agency for collection. All pertinent customer information, in addition to final billed amount is provided to such collector for collection purposes.

If the bill remains unpaid for at least 90 days after disconnect (or ~~60~~ **70** days past assignment to a collector), it is then deemed uncollectible and written off as a bad debt.

When a bill (or the account) is written off, both Accounts Receivable and the Allowance for Uncollectibles is reduced by the Margin, Taxes and Other portion of the bill with the following entry:

DR	Allowance for Uncollectibles (144)
CR	Accounts Receivable

Accounts Receivable is reduced and the Deferred Account is booked with the Gas Cost portion of the bill with the following entry:

DR	Deferred Gas Cost (191)
CR	Accounts Receivable

If the bill remains unpaid for at least 90 days after assignment to the primary collection agency, the debt is reviewed again, then assigned to a secondary collection agency. This agency initiates collection actions, including reporting to the three major Credit Reporting Agencies: TransUnion, Experian, and Equifax.

If, within three (3) years after disconnection, the customer desires to re-instate service, or begin service at a different address with Atmos, that customer must pay the delinquent bill, plus all applicable fees and deposits before connection.

If the bill (or account) is paid, the Deferred Gas Cost account is reduced by the Gas Cost portion of the bill with the following entry:

DR	Cash
CR	Deferred Gas Cost (191)

Schedule V, Section 1.F “SETTLEMENT PROVISIONS” of the Company’s Kansas tariff states:

Subsequent to the effective date of this clause, the Company shall maintain a continuing monthly comparison of the actual (as billed) cost of gas as shown on the books and records of the Company, exclusive of refunds, and the cost recovery for the same month calculated by applying to the volumes sold during said month the purchased gas cost adjustments calculated pursuant to these purchased gas cost adjustment provisions. For each twelve month period ended August 31, the differences of the comparisons described above including any balance or credit for the previous year shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs.

An “Actual Cost Adjustment” (ACA) shall be computed by dividing the cumulative balance of under-recovered or over-recovered costs by the volume of total sales during the twelve month period ending on that date. This adjustment shall be rounded to the nearest \$.0001 per Ccf and applied to sales billed on or after the first day of the month following the month in which the adjustment has been approved by the Commission. The “Actual Cost Adjustments” shall remain in effect until superseded by subsequent “Actual Cost Adjustments” calculated according to this provision.

The cumulative balance of over-recovered or under-recovered costs shall include the Gas Cost portion of uncollectible accounts billed to customers under this Schedule during the preceding Computation Year and which remain unpaid. The Gas Cost portion of uncollectible accounts is recoverable through the ACA to the extent that it is greater than bad debt expense allowed in base rates, which are included in the Account 904 balance filed in the Company’s most recent rate case. If the Gas Cost portion of uncollectible accounts is less than the bad debt expense allowed in base rates, the difference shall be included as a credit to the cumulative

balance. This sub-component of the ACA will be a separate line item on Sheet 1 of the Purchased Gas Adjustment.

At the time the ACA is revised, Atmos will provide to the Commission, a detail report by month, customer account number and customer premise number the portion of Gas Cost Written Off, Margin Written Off, Taxes and Other Written Off, Total Written Off (which is the sum of Gas Cost Written Off, Margin Written Off and Taxes and Other Written Off), Gas Cost Written Off and Subsequently Collected and Margin Written Off and Subsequently Collected. Atmos will also provide a summary that shows the calculation comparing the Account 904 balance filed in the Company's most recent rate case with the net Gas Cost Written Off (that is, net of Gas Cost Written Off and Subsequently Collected).

After the ACA is applied for a year, and a new ACA is calculated, Atmos will provide a report on the recovery of the net collectible gas cost results for the previous year. Any residuals will be rolled into the historic Deferred Gas Cost account.

Summary of Policy & Procedures for Recovering Uncollectible Expenses

Past Due dates are first determined by service class. For example:

- Residential class customers are billed and given 28-days before they are considered "past due".
 - On day 29 they are considered past due and eligible for delinquent action.
 - We begin delinquent action on day 30 by charging a 2% Penalty.
 - Day 31 we send a Termination Notice with a 10 day "due date".
 - Day 41 we make attempt to contact customer giving a 24-hour disconnect notice.
 - Day 42 customer is scheduled for disconnection of service.
-
- Commercial, Industrial, Irrigation, and Transportation class customers are billed and given 15-days before they are considered "past due".
 - On day 16 they are considered past due and eligible for delinquent action.
 - We begin delinquent action on day 17 by charging a 2% Penalty.
 - Day 18 we send a Termination Notice with a 10 day "due date".
 - Day 29 customer is scheduled for disconnection of service.

At the time of disconnection the Company follows the disconnection procedures outlined in its tariff. More specifically, if termination is permitted, as outlined in Schedule I: Rules & Regulations, Sheet 38 and 38 of 105.

If any customer is disconnected from the Company's gas service, a final bill is issued the day following any disconnection of service. The billed amount is calculated from the last reading of the previous bill to the date of disconnection, plus any applicable fees, less any applicable deposits plus accrued interest. If the bill remains unpaid for at least 30 days after issuance, it will be subsequently reviewed, then submitted to an outside (third party) collection agency for collection. All pertinent customer information, in addition to final billed amount is provided to such collector for collection purposes.

If the bill remains unpaid for at least 90 days after disconnect (or 60 days past assignment to a collector), it is then deemed uncollectible and written off as a bad debt.

When a bill (or the account) is written off, both Accounts Receivable and the Allowance for Uncollectibles is reduced by the Margin, Taxes and Other portion of the bill with the following entry:

DR	Allowance for Uncollectibles (144)
CR	Accounts Receivable

Accounts Receivable is reduced and the Deferred Account is booked with the Gas Cost portion of the bill with the following entry:

DR	Deferred Gas Cost (191)
CR	Accounts Receivable

If the bill remains unpaid for at least 90 days after assignment to the primary collection agency, the debt is reviewed again, then assigned to a secondary collection agency. This agency initiates collection actions, including reporting to the three major Credit Reporting Agencies: TransUnion, Experian, and Equifax.

If, within three (3) years after disconnection, the customer desires to re-instate service, or begin service at a different address with Atmos, that customer must pay the delinquent bill, plus all applicable fees and deposits before connection.

If the bill (or account) is paid, the Deferred Gas Cost account is reduced by the Gas Cost portion of the bill with the following entry:

DR	Cash
CR	Deferred Gas Cost (191)

Schedule V, Section 1.F “SETTLEMENT PROVISIONS” of the Company’s Kansas tariff states:

Subsequent to the effective date of this clause, the Company shall maintain a continuing monthly comparison of the actual (as billed) cost of gas as shown on the books and records of the Company, exclusive of refunds, and the cost recovery for the same month calculated by applying to the volumes sold during said month the purchased gas cost adjustments calculated pursuant to these purchased gas cost adjustment provisions. For each twelve month period ended August 31, the differences of the comparisons described above including any balance or credit for the previous year shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs.

An “Actual Cost Adjustment” (ACA) shall be computed by dividing the cumulative balance of under-recovered or over-recovered costs by the volume of total sales during the twelve month period ending on that date. This adjustment shall be rounded to the nearest \$.0001 per Ccf and applied to sales billed on or after the first day of the month following the month in which the adjustment has been approved by the Commission. The “Actual Cost Adjustments” shall remain in effect until superseded by subsequent “Actual Cost Adjustments” calculated according to this provision.

The cumulative balance of over-recovered or under-recovered costs shall include the Gas Cost portion of uncollectible accounts billed to customers under this Schedule during the preceding Computation Year and which remain unpaid. The Gas Cost portion of uncollectible accounts is recoverable through the ACA to the extent that it is greater than bad debt expense allowed in base rates, which are included in the Account 904 balance filed in the Company’s most recent rate case. If the Gas Cost portion of uncollectible accounts is less than the bad debt expense allowed in base rates, the difference shall be included as a credit to the cumulative

balance. This sub-component of the ACA will be a separate line item on Sheet 1 of the Purchased Gas Adjustment.

At the time the ACA is revised, Atmos will provide to the Commission, a detail report by month, customer account number and customer premise number the portion of Gas Cost Written Off, Margin Written Off, Taxes and Other Written Off, Total Written Off (which is the sum of Gas Cost Written Off, Margin Written Off and Taxes and Other Written Off), Gas Cost Written Off and Subsequently Collected and Margin Written Off and Subsequently Collected. Atmos will also provide a summary that shows the calculation comparing the Account 904 balance filed in the Company's most recent rate case with the net Gas Cost Written Off (that is, net of Gas Cost Written Off and Subsequently Collected).

After the ACA is applied for a year, and a new ACA is calculated, Atmos will provide a report on the recovery of the net collectible gas cost results for the previous year. Any residuals will be rolled into the historic Deferred Gas Cost account.