

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Andrew J. French, Chair
 Dwight D. Keen
 Annie Kuether

In the Matter of the Application of Atmos)
Energy for Approval of its Energy Ad Valorem) Docket No. 25-ATMG-242-TAR
Tax Surcharge; Calculation of 2025)
Adjustment.)

ORDER APPROVING AD VALOREM TAX SURCHARGE RIDER

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and determination. Having examined its files and records, the Commission finds and concludes:

I. BACKGROUND

1. On December 12, 2024, Atmos Energy Corporation (“Atmos”) submitted its annual Ad Valorem Tax Surcharge Rider (“ATSR”) calculation for calendar year 2025 pursuant to the Commission’s March 18, 2005, Order issued in Docket No. 05-ATMG-693-TAR and in accordance with K.S.A. 66-117(f).¹ Atmos’s application reported a total recoverable amount of ad valorem tax assessments of \$917,061.88 and therefore requested an updated surcharge of \$0.0505/Mcf.²

2. On December 24, 2024, the Commission granted the Petition of the Citizen’s Utility Ratepayer Board (“CURB”) to Intervene and seeking a Protective Order and Discovery Order.

¹ Application of Atmos Energy, Annual Ad Valorem Tax Surcharge; Calculation of 2025 Adjustment, Docket No. 25-ATMG-242-TAR (Dec. 12, 2024) (“Application”).

² *Id.* Attachment A.

3. On December 27, 2024, Commission Staff (“Staff”) submitted a notice of filing its Report and Recommendation (“R&R”) in the above-captioned docket.³ Staff’s R&R ultimately recommends that the Commission approve Atmos’s updated ATSR of \$0.0505/Mcf, which translates into an increase of approximately \$0.04 per month for Atmos’s residential customers, subject to the conditions contained within Staff’s R&R and in the order section below.

II. LEGAL STANDARDS

4. K.S.A. 66-117(f) grants the Commission the authority to review ad valorem tariffs.

5. Whenever a natural gas public utility files tariffs reflecting a surcharge on the utility’s bills for utility service designed to collect the annual increase in expense charged on its books and records for ad valorem taxes, such utility shall report annually to the state corporation commission the changes in expense charged for ad valorem taxes.⁴

6. Upon a showing the surcharge is applied to bills in a reasonable manner and is calculated to substantially collect the increase in ad valorem expense charged on the books and records of the utility, or reduce any existing surcharge based upon a decrease in ad valorem tax expense incurred on the books and records of the utility, the commission shall approve such tariffs within 30 days of the filing.⁵

7. Any over or under collection of the actual ad valorem tax increase charged to expense on the books of the utility shall be either credited or collected through the surcharge in subsequent periods.⁶

III. ANALYSIS

³ Notice of Filing of Staff’s Report and Recommendation, Utilities Division, Docket No. 25-ATMG-242-TAR (Dec. 27, 2024) (“Staff’s R&R” or “R&R”).

⁴ See K.S.A. 66-117(f).

⁵ *Id.*

⁶ *Id.*

8. Staff reviewed Atmos's ad valorem tax statements and the records supporting Atmos's recovery of revenue associated with the 2025 ATSR.⁷ Staff tied the amounts in the ad valorem tax statements to the ATSR total for 2024.⁸ Staff confirmed that Atmos's reported ad valorem tax assessments amount of \$917,061.88 is composed of the portion of the 2025 ad valorem tax assessments of \$784,279.45 that are not currently included in Atmos's base rates and its unrecovered balance of \$132,782.43 for its 2024 ATSR.⁹ Atmos's 2025 ATSR is designed to recover an additional \$917,061.88 in ad valorem tax statements, which is an increase of \$110,720 from Atmos's 2024 ATSR filing.¹⁰

9. As a result of this review, Staff confirmed that Atmos's ATSR was properly calculated to substantially collect the increase in ad valorem tax expenses charged on the books and records of Amos when compared to the amount currently embedded in Atmos's base rates.¹¹

10. Staff determined that the reported ad valorem tax assessments amount of \$917,061.88 and the updated surcharge of \$0.0505/Mcf translates into a bill increase of approximately \$0.04 per month, or \$0.48 annually, for residential customers.¹² Atmos's proposed 2025 ATSR will be in effect during the period of February 1, 2025 through January 31, 2026 and is in addition to the ad valorem tax that was included in Atmos's base rates during the calendar year 2024.¹³

⁷ Staff's R&R, p. 2.

⁸ *Id.*

⁹ *Id.*

¹⁰ *See* Order Approving Ad Valorem Tax Surcharge Rider of Atmos Energy, Docket No. 24-ATMG-449-TAR (Jan. 11, 2024).

¹¹ Staff's R&R, p. 2.

¹² *Id.*

¹³ *Id.*, p. 1.

IV. FINDINGS AND CONCLUSIONS

11. CURB indicates that it had the opportunity to review Staff's R&R and has no objections to Staff's recommendations.¹⁴

12. Upon review of Staff's R&R and the record as a whole, the Commission finds that the ATSR calculated by Atmos and reviewed by Staff satisfies the requirements of K.S.A. 66-117(f) because the surcharge is to be applied to bills in a reasonable manner and serves to substantially collect the ad valorem tax expense charged on the books of Atmos during the year 2024.

13. Based on Staff's R&R, the Commission finds that Atmos's request to recover its current year ad valorem tax assessments amount of \$784,279.45 and its unrecovered balance of \$132,782.43 for its 2024 ATSR for a total amount of \$917,061.88 in unrecovered ad valorem tax assessments via the implementation of an updated surcharge of \$0.0505/Mcf, subject to the conditions contained within Staff's R&R and as detailed in the order section below, is reasonable. The Commission concludes that Atmos's request to update its ATSR should be approved.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. Atmos's request for approval of its 2025 Ad Valorem Tax Surcharge rider is granted to be in effect during the period between February 1, 2025, and January 31, 2026.

B. Atmos shall be permitted to recover revenues necessary to account for the ad valorem tax expense via a surcharge in the amount of \$0.050/Mcf, which translates into a bill increase of approximately \$0.04 per month for residential customers, subject to the following conditions outlined by Staff in its R&R:

¹⁴ Communications between counsel for CURB and counsel for Staff are available upon request.

- a. Atmos shall file an updated tariff with the Commission reflecting the revised surcharge before implementing the surcharge;
- b. Staff will ensure that the annual true-up of amounts collected versus the actual amount of increase or reduction in the ad valorem taxes will be reflected in the subsequent year ad valorem surcharge calculation; and
- c. Pursuant to K.S.A. 66-117(f), Atmos shall file its ad valorem tax surcharge annual true-up in December of each calendar year.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹⁵

BY THE COMMISSION IT IS SO ORDERED.

French, Chair; Keen, Commissioner; Kuether, Commissioner

Dated: 01/08/2025



Lynn M. Retz
Executive Director

MKH

¹⁵ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

25-ATMG-242-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 01/08/2025.

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