

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

Before the Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen,
 Susan K. Duffy

In the Matter of the Application of Atmos)
Energy Corporation for Approval of a Credit to) Docket No. 21-ATMG-100-TAR
Customers to Comply with House Bill 2585.)

ORDER APPROVING TARIFF

This matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

I. Background

1. The Kansas legislature passed House Bill No. 2585 that became effective July 1, 2020. The Bill made regulated utilities exempt from paying Kansas state income tax for tax years on or after January 1, 2021. The Bill requires the utilities to file an Application for new retail rates when a change in state or federal law either increases or decreases the income tax rates assessed on the utility and results in an over collection or under collections of income tax expense that is equal to or exceeds 0.25% of the utility’s base revenue level from the most recent general rate case.

2. On October 1, 2020, the Commission issued an Order approving Atmos Energy Corporation (“Atmos”) request of a credit to customers to reflect the elimination of Kansas state income taxes from its revenue requirement in order to comply with Senate Substitute for House Bill No. 2585. The Order required Atmos to file an annual true-up reconciling the difference between the actual Cost of Service Credit provided to customers and the calculated credit that

reduced the revenue requirement due to the elimination of Kansas income taxes (“True-Up Filing”).

3. On November 17, 2021, Atmos filed its True-Up Filing for the period of October 1, 2020 and September 30, 2021. Atmos requests approval to refund \$14,992 to customers by providing a one-time credit to customer’s bills in the next billing cycle.¹

4. On November 24, 2021, Commission Staff (“Staff”) submitted its Report and Recommendation, recommending the Commission approve Atmos’ True-Up Filing.² Staff reviewed the calculation of the True-Up amount, and Staff found no errors or concerns in what Atmos provided. Staff’s Report and Recommendation is attached to this Order as Exhibit A.

5. Staff has conferred with the Citizens Utility Ratepayer Board, (“CURB”) and they have no objection to Staff’s Report and Recommendation and support the True-Up.

6. Staff’s Report and Recommendation explains that it is typical to have a difference in what a utility is supposed to collect or refund to customers and what is actually collected or refunded to customers. This True-Up is necessary because customers enter or leave the service territory or customers use more or less gas than estimated.

II. Findings and Conclusion

7. The Commission finds Atmos’ True-Up Filing to amend its Tax Reform Credit Tariff and refund customers through a one-time credit to customer’s bills is necessary and approved effective December 1, 2021.

8. The Commission adopts Staff’s Report and Recommendation dated November 24, 2021, which is attached hereto and made a part hereof by reference.

¹ *Atmos Income Tax True-Up* (Nov. 17, 2021).

² *Staff Report and Recommendation*, (Nov. 23, 2021).

THEREFORE, THE COMMISSION ORDERS:

- A. Atmos' True-Up Filing and Tax Reform Credit Tariff are approved.
- B. Atmos shall perform another True-Up after another year of bill credits.
- 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).³

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 11/30/2021



Lynn M. Retz
Executive Director

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³ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

EXHIBIT A

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chairperson Andrew J. French
Commissioner Dwight D. Keen
Commissioner Susan K. Duffy

FROM: Kristina Luke Fry, Managing Auditor
Chad Unrein, Senior Managing Auditor
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance
Jeff McClanahan, Director of Utilities

DATE: November 24, 2021

SUBJECT: Docket No. 21-ATMG-100-TAR – In the Matter of the Application of Atmos Energy Corporation for Approval of a Credit to Customers to Comply with House Bill 2585.

EXECUTIVE SUMMARY

Staff requests Commission approval of Atmos Energy's (Atmos) one-time True-Up amount of \$14,992 to customers to reflect the elimination of Kansas state income taxes from its revenue requirement to comply with House Bill 2585 (HB 2585). The one-time credit would occur in Atmos' next billing cycle.

BACKGROUND:

The Kansas legislature passed House Bill No. 2585 that became effective July 1, 2020. HB 2585 made regulated electric and natural gas utilities exempt from paying Kansas state income tax for tax years on or after January 1, 2021. HB 2585 requires the utilities to file an Application for new retail rates when a change in state or federal law either increases or decreases the income tax rates assessed on the utility and results in an over collection or under collection of income tax expense that is equal to or exceeds 0.25% of the utility's base revenue level from the utility's most recent general rate case. On August 28, 2020, Atmos Energy filed an Application with the Commission requesting approval of a credit totaling \$1,116,449 to be provided to its customers to reflect the elimination of Kansas state income taxes in compliance with House Bill 2585. On November 17, 2021, Atmos filed a True-Up request to refund \$14,992 to customer in December 2021.

The credit approved on October 2, 2020 will remain in effect until Atmos files its next rate case. This True-Up amount would be a one-time credit to customer's bills. Atmos will be filing a True-Up annually until its next rate case. Atmos requested to issue the refunds to

customers December 1 to 31, 2021. This means the Company will need an Order by November 30, if possible.

ANALYSIS:

On November 17, 2021, Atmos filed an Application with the Commission requesting approval to provide a one-time credit to customer's bills in the next billing cycle. The one-time credit reflects the difference between the dollar amount which Atmos needed to offset bills by and the amount that was actually offset. It is typical to have a difference in what a utility is supposed to collect or refund to customers and what is actually collected or refunded to customers. The reason for the difference is because customers enter or leave the service territory or customers use more or less gas than estimated. This is why True-Ups are necessary.

Staff reviewed Atmos' calculation of the amount to True-Up and the calculation the Company used to calculate the one-time credit. Staff found no errors or concerns in what Atmos provided. Atmos allocated the one-time credit in the same manner approved for the initial credit amount.

The Citizen's Utility Ratepayer Board ("CURB") has also reviewed the True-Up and Staff's Report and supports approval.

RECOMMENDATION:

Staff recommends a one-time credit of \$14,992 be applied to Atmos' customers' bills in the next billing cycle. Staff also recommends that the Company perform another True-Up after another year of bill credits.

CERTIFICATE OF SERVICE

21-ATMG-100-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of
11/30/2021
electronic service on _____.

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CERTIFICATE OF SERVICE

21-ATMG-100-TAR

/S/ DeeAnn Shupe

DeeAnn Shupe