

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos Energy for)
Approval of the Commission for Gas System)
Reliability Surcharge per K.S.A. 66-2201 through) Docket No. 17-ATMG-218-TAR
66-2204)

DIRECT TESTIMONY OF BARTON W. ARMSTRONG

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Barton W. Armstrong, and my business address is 25090 W. 110th Terrace,
3 Olathe, Kansas 66061.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Atmos Energy Corporation ("Atmos Energy") as Vice President of
6 Operations. In that capacity, I have overall responsibility for the safe and reliable provision
7 of gas service in the Kansas Region, including daily operations and maintenance activities,
8 and planning and completion of capital investment projects.

9 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
10 **EXPERIENCE.**

11 A. I received a Bachelor of Science degree from Texas Tech University, Lubbock, Texas, in
12 1991. I have been employed in the natural gas distribution business for 27 years, during
13 which time I have worked in various capacities in operations and marketing. I began work in
14 1990 for Atmos Energy (formerly Energas) in Lubbock, Texas as a utility worker in the
15 service department. From 1993 to 2006, I worked in the Marketing department in various
16 roles including Sales Representative, Industrial and Large Volume Sales Manager and
17 Marketing Manager for the West Texas Division. In this role I was responsible for all

1 business development, gas transportation revenues, sales revenues, customer growth and
2 operations of an Intrastate pipeline that supplied natural gas to over 200,000 customers in
3 West Texas. In 2007 I was promoted to Operations Manager in Lubbock and responsible for
4 89 employees, 6,000 miles of pipe, all daily field operations, maintenance and capital
5 projects. In 2008 I was promoted to Vice President of Marketing for the Colorado Kansas
6 Division and relocated to Olathe, Kansas. In this role I was responsible for coordinating
7 growth activity, business development, and customer service for both Colorado and Kansas.
8 In 2009 I was named to my current position in Kansas.

9 **Q. PLEASE BRIEFLY DESCRIBE ATMOS ENERGY'S KANSAS GAS**
10 **OPERATIONS.**

11 A. Atmos Energy serves approximately 129,000 customers in 106 communities and in 32
12 surrounding counties in Kansas. The communities are spread throughout the state. Atmos
13 Energy has a Kansas-based work force of approximately 150 employees. Our utility plant
14 includes 4,753 miles of service lines, distribution and transmission lines.

15 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

16 A. Yes.

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 A. The purpose of my testimony is to support the eligibility of infrastructure system
19 replacement projects included in Atmos Energy's proposed Gas System Reliability
20 Surcharge ("GSRS").

21 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

22 A. Yes. As mentioned in Ms. Ries's testimony, I am sponsoring that portion of Exhibit 5
23 relating to the specific projects and functional or blanket projects identified in Exhibit 5.

1 Exhibit 5 contains a summary of the specific projects and the functional projects included in
2 this filing. Exhibit BWA-1 (on cd) includes the supporting documentation for each of the
3 specific projects identified in Exhibit 5¹. Atmos Energy maintains a file for each of the
4 functional projects listed in Exhibit 5. However, because of the voluminous nature of the
5 files, Atmos Energy will make those files available to Staff and any other party at Atmos
6 Energy's offices in Olathe, Kansas, similar to what it did in its last GSRS filing.

7 **Q. WHAT IS A GAS SYSTEM RELIABILITY SURCHARGE (GSRS)?**

8 A. In 2006, Senate Bill 414, the Gas Safety and Reliability Act, was passed into law. Under this
9 law, a utility "may file a petition and proposed rate schedules with the commission to
10 establish or change GSRS rate schedules that will allow for the adjustment of the natural gas
11 public utility's rates and charges to provide for the recovery of costs for eligible
12 infrastructure system replacements." Each year a utility is required to relocate and replace
13 certain segments of its system. The GSRS will allow the utility to recover these expenses
14 between rate cases through a surcharge.

15 **Q. HOW IS "ELIGIBLE INFRASTRUCTURE SYSTEM REPLACEMENT"**
16 **DEFINED?**

17 A. K.S.A. 66-2202 defines "eligible infrastructure system replacement" as: "natural gas public
18 utility plant projects that: (1) Do not increase revenues by directly connecting the
19 infrastructure replacement to new customers; (2) are in service and used and required to be
20 used; and (3) were not included in the natural gas public utility's rate base in its most recent
21 general rate case" and shall only consist of the following:

22 (1) Mains, valves, service lines, regulator stations, vaults, and other pipeline system

¹The supporting documentation included in Exhibit BWA-1 is considered CONFIDENTIAL by Atmos Energy for security purposes.

1 components installed to comply with state or federal safety requirements as
2 replacements for existing facilities;

3 (2) Main relining projects, service line insertion projects, joint encapsulation projects
4 and other similar projects extending the useful life or enhancing the integrity of
5 pipeline system components undertaken to comply with state or federal safety
6 requirements; and

7 (3) Facility, relocations required due to construction or improvement of a highway, road,
8 street, public way or other public work by or on behalf of the United States, this state,
9 a political subdivision of this state, or another entity having the power of eminent
10 domain provided that the costs related to such projects have not been reimbursed to
11 the natural gas public utility.

12 **Q. WHAT TYPES OF PROJECTS ARE INCLUDED IN ATMOS ENERGY'S GSRS**
13 **PROPOSAL?**

14 A. Exhibit 5 summarizes the projects being included in this GSRS proposal. There are three
15 groups of projects being submitted. The first group is comprised of specific safety related
16 system replacements and are summarized in Exhibit 5 with back up documentation included
17 in Exhibit BWA-1. The second group consists of governmentally mandated road relocation
18 projects which have not been reimbursed to the natural gas utility and are also summarized
19 in Exhibit 5, with back up documentation included in Exhibit BWA-1. The third group is
20 comprised of functional safety related projects and are listed and summarized in Exhibit 5.
21 All three groups of projects are eligible for inclusion in a GSRS proposal. Exhibit 5 is a
22 summary of both specific and functional projects included in the filing. The exhibits provide
23 the location, project description, work order number and completion date for each of the

1 specific projects. The safety related projects listed in Exhibit 5 also include the category of
2 the applicable state or federal pipeline safety requirements relating to the replacement of the
3 existing facilities and a full description of how the project meets the specific pipeline safety
4 regulation, or to state the project is due to a Public Works Project. Atmos Energy maintains a
5 file for each of the functional projects listed in Exhibit 5. However, because of the
6 voluminous nature of the files, Atmos Energy will make those files available to Staff and any
7 other party at Atmos Energy's office in Olathe, Kansas.

8 **Q. WHAT IS THE INCLUSION CRITERIA FOR THE FIRST AND THIRD TYPES OF**
9 **PROJECTS BEING INCLUDED IN THE PROPOSAL (SPECIFIC AND**
10 **FUNCTIONAL SAFETY RELATED SYSTEM REPLACEMENT PROJECTS)?**

11 A. The inclusion criteria for the safety related projects, according to K.S.A. 66-2202, is as
12 follows: "(1) Mains, valves, service lines, regulator stations, vaults and other pipeline system
13 components installed to comply with state or federal safety requirements as replacements for
14 existing facilities; and (2) Main relining projects, service line insertion projects, joint
15 encapsulation projects and other similar projects extending the useful life or enhancing the
16 integrity of pipeline system components undertaken to comply with state or federal safety
17 requirements."

18 **Q. REGARDING THE SECOND TYPE OF PROJECT BEING INCLUDED IN THE**
19 **PROPOSAL (GOVERNMENT MANDATED ROAD RELOCATIONS), WHAT IS**
20 **THE INCLUSION CRITERIA FOR THESE ROAD RELOCATION PROJECTS?**

21 A. The inclusion criteria for the road relocation projects, according to K.S.A. 66-2202, is as
22 follows: "Facility relocations required due to construction or improvement of a highway,
23 road, street, public right of way or other public work by or on behalf of the United States, this

1 state, a political subdivision of this state or another entity having the power of eminent
2 domain provided that the costs related to such projects have not been reimbursed to the
3 natural gas utility."

4 **Q. ARE PROJECTS OTHER THAN SAFETY RELATED AND GOVERNMENT**
5 **MANDATED ROAD RELOCATIONS MEETING THE INCLUSION CRITERIA**
6 **LISTED ABOVE BEING INCLUDED IN THE GSRS PETITION?**

7 A. No. Only projects meeting the criteria previously mentioned are being submitted for
8 consideration in this filing.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes, it does.

VERIFICATION OF BARTON W. ARMSTRONG

STATE OF KANSAS)
)ss:
COUNTY OF JOHNSON)

I, Barton W. Armstrong, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Direct Testimony of Barton W. Armstrong; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.


Barton W. Armstrong

SUBSCRIBED AND SWORN to before me this 20 day of November, 2017.


Notary Public

Appointment/Commission Expires:

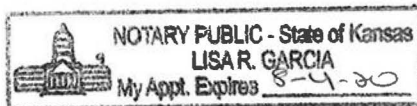


EXHIBIT BWA-1

(on cd)