

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

**In the Matter of the Application of Atmos)
Energy Corporation For The Recovery of)
Qualified Extraordinary Costs and Issuance)
of a Financing Order.) 22-ATMG-538-TAR**

**TESTIMONY IN SUPPORT OF
UNANIMOUS SETTLEMENT AGREEMENT**

**PREPARED BY
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UTILITIES DIVISION
KANSAS CORPORATION COMMISSION**

September 19, 2022

Contents

I.	Introduction, Qualifications, Purpose of Testimony	2
II.	Background Information	4
III.	Terms of the Settlement Agreement	6
IV.	Commission Standards for Approving Settlement Agreements	14

1 **I. Introduction, Qualifications, Purpose of Testimony**
2

3 **Q. Please state your name and business address.**

4 A. My name is Justin T. Grady and my business address is 1500 Southwest Arrowhead
5 Road, Topeka, Kansas, 66604.

6 **Q. By whom and in what capacity are you employed?**

7 A. I am employed by the Kansas Corporation Commission (KCC or Commission) as
8 the Chief of Revenue Requirements, Cost of Service and Finance.

9 **Q. Please summarize your educational and employment background.**

10 A. I earned a Master of Business Administration degree, with a concentration in
11 General Finance which includes emphases in Corporate Finance and Investment
12 Management, from the University of Kansas in December of 2009. I also hold a
13 Bachelor of Business Administration degree with majors in Finance and Economics
14 from Washburn University. I have been employed by the KCC in various positions
15 of increasing responsibility within the Utilities Division since 2002. I have been a
16 Section Head in the Utilities Division since May 2012, and have been employed in
17 my current capacity since August 2020.

18 While employed with the Commission, I have participated in and directed
19 the review of numerous tariff/surcharge filings and rate case proceedings involving

1 electric, natural gas distribution, water distribution, and telecommunications
2 utilities. In my current position, I have supervisory responsibility for the activities
3 of the Commission's Audit section within the Utilities Division. In that capacity, I
4 plan, manage, and perform audits relating to utility rate cases, tariff/surcharge
5 filings, fuel cost recovery mechanisms, transmission delivery charges, alternative-
6 ratemaking mechanisms, class cost of service studies, gas purchasing and hedging
7 plans, and other utility filings that may have an impact on utility rates in Kansas
8 including mergers, acquisitions, restructuring, and initial public utility certification
9 filings. I also frequently provide testimony and make presentations to the Kansas
10 Legislature on public utility regulatory matters.

11 **Q. Have you previously submitted testimony before this Commission?**

12 A. Yes. I have submitted written and oral testimony before this Commission on
13 multiple occasions regarding various regulatory accounting and ratemaking issues.
14 This work includes testimony filings in 74 dockets, including this one. A list of the
15 other dockets that encompass this experience is readily available upon request.

16 **Q. What is the purpose of your testimony in the review of the Atmos Energy**
17 **Corporation (Atmos) Application for approval of the recovery of Qualified**
18 **Extraordinary Costs and the issuance of a Financing Order that would allow**
19 **for the issuance of securitized bonds to recover costs associated with Winter**
20 **Storm Uri?**

21 A. In the testimony that follows, I will explain why Staff recommends that the
22 Commission approve the Agreement as a reasonable resolution of the issues in this

Docket, which is in the public interest and which will assist in the creation of just and reasonable rates. Specifically, I will:

- provide background information about this Docket;
- provide an overview and discussion of the Agreement;
- discuss the standard of review used to guide the Commission in its consideration of whether to accept the Agreement;¹ and
- discuss the evidence in the record that supports the Agreement.

II. Background Information

Q. Please provide a brief background of this Docket

A. On May 25, 2022, in accordance with the financial plan approved by the Commission in Docket No. 21-ATMG-333-GIG (21-333 Docket) by Order dated March 24, 2022 (Financial Plan Settlement Order), Atmos filed an application for a Financing Order per the provisions set forth in the 2021 Utility Financing and Securitization Act (the Act)² seeking authorization to issue Securitized Utility Tariff Bonds to finance the Qualified Extraordinary Costs incurred as a result of the February 2021 Winter Storm Uri Event (Winter Event).³

¹ *Order Approving Contested Settlement Agreement*, Docket No. 08-ATMG-280-RTS, pp. 4-6 (May 12, 2008).

² K.S.A. 66-1,240, *et seq.*

³ Application of Atmos Energy for Financing Order for Recovery of Securitized Utility Tariff Cost and Financing Costs, Docket No. 22-ATMG-538-TAR (22-538 Docket) (May 25, 2022) (Application).

1 In accordance with the Act, Atmos submitted the direct testimony and
2 exhibits of Kathleen R. Ocanas and Jason L. Schneider to support its application.⁴

3 The Company's application covered each of the filing requirements under the Act.
4 It also provided a description of the proposed securitization process, and drafts of
5 the proposed securitization financing transaction documents and a proposed
6 Financing Order. Atmos also provided updated testimony and exhibits in support
7 of its application.

8 On May 31, 2022, CURB filed a petition to intervene, which was granted
9 by the Commission by Order dated June 28, 2022. On June 10, 2022, Atmos filed
10 a motion to establish a procedural schedule in this docket. On June 23, 2022, the
11 Commission issued an Order Setting Procedural Schedule (Procedural Order).

12 Per the Procedural Order, the Joint Movants participated in several technical
13 conferences to discuss the proposed Financing Order, the securitization process, the
14 draft transactional documents and other issues relating to the Company's
15 Application. On August 26, 2022, Staff and CURB filed their testimony and
16 exhibits. Staff proposed several modifications to the proposed Financing Order,
17 securitization process and draft transactional documents. CURB also raised a
18 number of issues relating to the Company's Application.

19 On September 9, 2022, Atmos filed its rebuttal and responsive testimony,
20 which addressed each of the matters raised by Staff and CURB. Per the Procedural
21 Order, the Joint Movants conducted a settlement conference on September 13,

⁴ See generally Direct Testimony of Kathleen R. Ocanas, 22-538 Docket (May 26, 2022); Direct Testimony of Jason L. Schneider, 22-538 Docket (May 26, 2022).

1 2022. As a result of those discussions, the Joint Movants reached the Agreement
2 filed with the Commission on September 15, 2022.

3 **III. Terms of the Settlement Agreement**

4

5 **Q. Please provide an overview of the Agreement.**

6 A. The Agreement provides for the following:

7 • **Recovery of Qualified Extraordinary Costs (QECs)**—Atmos is authorized to
8 recover an estimated \$118,514,030 in QECs, through the issuance of securitized
9 customer backed bonds, as authorized by the Act. Of the \$118,514,030 in QECs,
10 \$92,684,223 represents the expected principal/issuance amount. The final amount
11 shall be provided in the final Issuance Advice Letter.

12 • **Net Quantified Rate Benefits to Customers**—Joint Movants agree that the
13 issuance of securitized bonds to recover the QECs from the Winter Event is
14 expected to provide net quantifiable rate benefits to customers, estimated at \$8.5
15 million for a 10-year securitization and based on the most recent Atmos estimates
16 of securitized bond interest rates for ten years as compared to recovering the QECs
17 using traditional ratemaking methods. Despite significant increases in United States
18 (US) Treasury rates since the Company filed its application, there is still a
19 significant benefit to Atmos’s customers from issuing securitized bonds to finance
20 the Winter Event’s costs over ten to twelve years instead of using traditional
21 ratemaking methods to collect these costs. The final net quantifiable benefit for
22 customers shall be provided in the final Issuance Advice Letter.

1 • **Pre-Issuance Review Process; Role of the Commission’s Designated**

2 **Representative**—In order to ensure that the securitization process results in the

3 “lowest securitized utility tariff charges, consistent with market conditions...,” Joint

4 Movants agree on a comprehensive collaborative process where the Commission’s

5 Designated Representative, including its legal and investment advisors, shall have

6 all authority to review, confer, and consult with Atmos and its underwriters on all

7 facets of the securitization process, including but not limited to input into the

8 material terms relating to the structuring, marketing, pricing and issuance of the

9 securitized bonds, review of upfront and ongoing costs, and participation in the

10 selection process for the lead underwriter, co-lead underwriter, and all other

11 underwriters. Atmos, as the sponsor of the issuer of the securitized bonds, and the

12 structuring underwriter, shall lead the securitization transaction rating agency and

13 potential investor discussions, as well as the final structuring, marketing and pricing

14 process, provided that such is consistent with: (1) the terms of the Financing Order

15 approved by the Commission; (2) the collaborative process with the Commission’s

16 Designated Representative; and (3) the primary focus being in pursuit of the lowest

17 cost statutory objective. The Designated Representative, including its legal and

18 investment banking advisors, shall be allowed to listen in on meetings with

19 investors or ratings agencies, but shall not be allowed to speak or otherwise take an

20 active role in such meetings.

21 • **Term Length of Bonds**—Joint Movants agree that Securitized Utility Tariff Bonds

22 will be issued in one or more tranches. The legal final maturity date of any tranche

23 of the Securitized Utility Tariff Bonds will not exceed 32 years from the date of

1 issuance, as required by the Act. It is not expected that the scheduled final maturity
2 of the Securitized Bonds will exceed ten years, provided, however, that if a longer
3 term is required to achieve the best possible credit rating and lowest resulting
4 Securitized Utility Tariff Charges, such term may be modified to a maximum of
5 twelve years, in consultation with and subject to review rights of the Designated
6 Representative. The legal final maturity date of each tranche and amounts in each
7 tranche is anticipated to be two years outside of the final scheduled maturity date.
8 The legal final maturity will be finally determined by Atmos Energy, and subject
9 to the Designated Representative's review, consistent with market conditions and
10 indications of the rating agencies, at the time the Securitized Utility Tariff Bonds
11 are priced, but subject to ultimate Commission review through the Issuance Advice
12 Letter process.

- 13 • **Approval of Proposed Financing Order**—Joint Movants request that the
14 Commission approve and issue the proposed Financing Order, and appendices
15 thereto, that is attached to the Agreement as Appendix A. The proposed Financing
16 Order has been agreed to by the Joint Movants. In addition to approving the
17 securitization process and covering all of the requirements contained in the Act, the
18 proposed Financing Order is consistent with the terms that have been agreed to by
19 the Joint Movants in the Agreement.

- 20 • **Proposed Transaction Documents**—Joint Movants request that the Commission
21 approve the following proposed transaction documents, as to form, that are attached
22 to either the proposed Financing Order or the Agreement, and which have been
23 agreed upon by Joint Movants, subject to any changes that may be made or required

1 during the securitization process, (including review by the Commission's
2 Designated Representative and its legal and investment banking advisors as
3 provided in the proposed Financing Order), and provided that such changes are not
4 materially contrary to the provisions of the Agreement or the proposed Financing
5 Order:

6 (A) Securitized Utility Tariff Property Servicing Agreement (Appendix D
7 to the Proposed Financing Order);

8 (B) Administration Agreement (Appendix G to the Proposed Financing
9 Order);

10 (C) The SPE Amended and Restated Limited Liability Company
11 Agreement (Appendix I to the Proposed Financing Order);

12 (D) Securitized Utility Tariff Property Purchase and Sale Agreement
13 (Appendix E o the Proposed Financing Order); and

14 (E) Indenture (Appendix H to the Proposed Financing Order).

15 Final versions of the transaction documents will be filed with the Commission in
16 the subsequent compliance docket that will be opened by the Commission to
17 receive the filings required under the Winter Event Securitized Cost Recovery
18 Rider (WESCR) tariff.

19 • **Winter Event Securitized Cost Recovery Rider Tariff**—The WESCR tariff
20 submitted by Atmos should be approved with the following clarification added to
21 the tariff so that it matches the proposed Financing Order, the phrase:
22 “+Replenishments to the Capital Subaccounts if Needed” added to the definition of
23 the Revenue Requirement in the WESCR tariff. The parties acknowledge that in

CURB's pre-filed testimony, CURB stated its preference that the costs associated with the Winter Event be collected using a volumetric charge instead of a fixed charge for the reasons set forth in that testimony. Indeed, CURB consistently has sought to minimize fixed charges in utility rate cases. However, in this particular case, CURB does not oppose a fixed monthly WESCR charge in the tariff. The Company and Staff agree that the tariff is reasonable in that it will assist in the establishment of the highest possible bond ratings for the securitized bonds and will allow customers to budget with certainty what their costs will be associated with the Winter Event. Therefore, CURB is a signatory to this Agreement, but is not acquiescing its position with respect to its argument for low fixed charges in all other cases, including future rate cases. The Joint Movants agree to the allocation of the Winter Event costs between the customer classes as reflected in the WESCR tariff submitted by Atmos. The allocation methodology used by Atmos fairly and reasonably estimates how the Winter Event costs were incurred by the Company to provide gas service to each customer class.

The Joint Movants also agree to the semi-annual (if not needed more frequently) true-up adjustment mechanism as set forth in the WESCR tariff submitted by Atmos. This mechanism will assist in the establishment of the highest possible bond ratings for the securitized bonds, and therefore, it is worth whatever administrative burden will result as compared to an annual true-up.

- **Settlement Fee To Be Charged to any Sales Customer That Switches to Transportation Service During the Term of the WESCR Tariff**— Joint Movants agree that the settlement fee recommended by Atmos to be charged to any

1 sales customer that wants to switch to transportation service during the term of the
2 WESCR tariff is reasonable and should be approved by the Commission. As
3 proposed by Staff, the settlement fee shall be calculated as the net present value of
4 the remaining customer obligations to pay for the WESCR, using a discount rate
5 equal to the weighted average interest rate of the securitized bonds.

6 • **Reconciliation Process**—Joint Movants agree to the reconciliation process
7 described by the Company in Ms. Ocanas’ testimony, whereby the final amount of
8 QECs is compared to the final amount of securitized bond issuance, and the
9 difference is credited/charged to customers through the Purchased Gas Adjustment
10 (PGA) process. If the incremental cost to Atmos to perform its servicing and
11 administrative services under the Servicing Agreement and the Administration
12 Agreement, respectively, is less than what the Company is paid for those services,
13 then that difference in cost (the associated profit margin earned by the Company as
14 servicer and administrator) shall be tracked by Atmos and included in a regulatory
15 liability account to be addressed in Atmos Energy’s next general rate case following
16 its current rate case filed in Docket No. 23-ATMG-359-RTS.

17 • **Treatment of Investment Earnings on the Capital Sub Account**—Joint Movants
18 agree that pursuant to K.S.A. 66-1,241(e)(14), Atmos shall be allowed to earn a
19 return on its equity contribution to the Capital Sub Account equal to “the cost of
20 capital authorized from time to time by the Commission in the public utility’s rate
21 proceedings”, which is the Company’s approved weighted average cost of capital
22 (WACC), and which will be distributed upon receipt. Atmos’s current WACC is
23 8.396%. In accordance with the applicable provisions of the Indenture, investment

1 earnings on the Capital Subaccount will be transferred to the Excess Funds
2 Subaccount. On each payment date, the funds in such Subaccount will be taken into
3 account in the Adjustment Mechanism within the WESCR tariff and will benefit
4 Atmos's customers.

5 • **Customer Education Program**—Joint Movants agree that the customer
6 communication plan presented by the Company to inform and educate Atmos
7 Energy's customers about the purpose for, and the benefits of, the issuance of
8 securitized bonds is a good start. Joint Movants agree to work together to finalize
9 the specifics relating to the customer education program.

10 • **Waiver of Rules and Regulations**—Joint Movants agree that the Commission
11 should approve the Company's request to waive any of its Rules and Regulations
12 in order to allow the payment of securitized bonds to take priority over the rest of
13 the customer bill in the event of partial customer payment. This waiver is supportive
14 of the highest bond ratings possible for the securitized bonds, and therefore a
15 benefit to customers.

16 • **Controlling Document**—To the extent that any of the terms contained in the
17 Agreement conflict with the terms contained in the proposed Financing Order
18 attached to the Agreement, the terms in the Financing Order shall control.

19 • **Study of Residential Class**—Joint Movants agree that provided that Kansas
20 legislation has been enacted authorizing the Commission to approve a low-income
21 relief (or similar) tariff, the Joint Movants will work with each other to determine
22 whether, and to what extent, a generic investigation into the energy burden in
23 Kansas could be conducted to benefit the Commission in its regulation of rates,

1 including determining whether low-income rate relief is feasible and ways in which
2 the same could be structured.

3 • **Miscellaneous Provisions.**

4 (a) Nothing in the Agreement is intended to impinge or restrict, in any manner, the
5 exercise by the Commission of any statutory right, including the right of access to
6 information, and any statutory obligation, including the obligation to ensure that
7 Atmos is providing efficient and sufficient service at just and reasonable rates.

8 (b) The Joint Movants shall have the right to present pre-filed testimony in support
9 of the Agreement. Such testimony shall be filed formally in the docket and
10 presented by witnesses at a hearing on the Agreement. Such testimony shall be filed
11 as required by the procedural schedule, or any modification to the procedural
12 schedule filed in this docket.

13 (c) The Agreement represents a negotiated settlement that fully resolves all of the
14 issues in this docket among the Joint Movants. The Joint Movants represent that
15 the terms of the Agreement constitute a fair and reasonable resolution of the issues
16 addressed herein. Except as specified herein, the Joint Movants shall not be
17 prejudiced, bound by, or in any way affected by the terms of the Agreement (a) in
18 any future proceeding; (b) in any proceeding currently pending under a separate
19 docket; and (c) in this proceeding should the Commission decide not to approve the
20 Agreement in the instant proceeding. If the Commission accepts the Agreement in
21 its entirety and incorporates the same into a final order without material
22 modification, the Joint Movants shall be bound by its terms and the Commission's
23 order incorporating its terms as to all issues addressed herein, and will not appeal

1 the Commission's order on these issues provided that Commission approval of the
2 Agreement shall not constitute approval of, or precedent regarding, any principle
3 or issue in this proceeding.

4 (d) The provisions of the Agreement have resulted from negotiations among the
5 Joint Movants and are interdependent. In the event that the Commission does not
6 approve and adopt the terms of the Agreement in total, the Agreement shall be
7 voidable and no party hereto shall be bound, prejudiced, or in any way affected by
8 any of the agreements or provisions hereof. Further, in such event, the Agreement
9 shall be considered privileged and not admissible in evidence or made a part of the
10 record in any proceeding.

11 (e) To the extent the Agreement provides for information, documents or other data
12 to be furnished to the Commission or Staff, such information, documents or data
13 shall be filed with the Commission and a copy served upon the Commission's
14 Director of Utilities. Such information, documents, or data shall be marked and
15 identified with the docket number of this proceeding.

16 **IV. Commission Standards for Approving Settlement Agreements**

17

18 **Q. Has the Commission previously used factors or standards to review a**
19 **settlement agreement?**

20 A. Yes. The Commission's Order in Docket No. 08-ATMG-280-RTS (08-280
21 Docket) discusses five factors, or standards, and multiple agreements have been

1 reviewed by the Commission using the five factors since that Order.⁵ However,
2 subsequent Commission Orders have noted that for unanimous settlement
3 agreements, parties need not apply the historical five-factor test set forth in the 08-
4 280 Docket.⁶ As noted above, the Agreement is affirmatively supported by all
5 parties to this Docket, so the Agreement is considered a unanimous settlement
6 agreement. Therefore, the evaluation under all five factors is unnecessary for this
7 Settlement Agreement.

8 **Q. What standards does the Commission generally examine when considering a**
9 **unanimous settlement agreement?**

10 A. The Commission may accept a unanimous settlement agreement so long as
11 approval of the settlement is: (1) supported by substantial competent evidence in
12 the record as a whole; (2) results in just and reasonable rates; and (3) is in the public
13 interest.^{7,8} Each of these factors is discussed individually below.

14 **Support for the Settlement Agreement**

15 **Q. Please address whether the Agreement is supported by substantial competent**
16 **evidence in the record as a whole.**

17 A. The Agreement is supported by substantial competent evidence in the record as a
18 whole. Atmos supported its Application by two witnesses who filed extensive
19 Direct Testimony, as well as Rebuttal Testimony. Direct Testimony was also filed

⁵ *Order Approving Contested Settlement Agreement*, 08-280 Docket, p. 5 (May 5, 2008).

⁶ *Order on KCP&L's Application for Rate Change*, Docket No. 15-KCPE-116-RTS, ¶ 16, p. 6 (Sept. 10, 2015).

⁷ *Ibid*, ¶ 15.

⁸ *Citizens' Util. Ratepayer Bd. v. State Corp. Comm'n of State of Kansas*, 28 Kan. App. 2d 313, 316 16 P.3d 319, 323 (2000).

1 by Staff and CURB. My understanding is that Atmos and CURB will also be filing
2 testimony in support of the Agreement and why those Joint Movants believe the
3 Commission should accept the Agreement. Additionally, the Commission will
4 have the opportunity to question these witnesses if necessary and add to the record
5 at an evidentiary hearing on September 27, 2022. I believe there is and will be,
6 ample evidence in the record to support approval of the Agreement.

7 **Q. Does the Agreement result in just and reasonable rates?**

8 A. The Agreement does not change rates today, but if approved by the Commission, it
9 will allow Atmos to begin the process towards the issuance of customer-backed
10 securitized bonds, which will eventually result in Atmos charging customers the
11 Winter Event Securitized Cost Recovery Rider Tariff. Staff has independently
12 validated the net quantifiable rate benefits that will arise for customers as a result
13 of financing the Winter Event costs using securitized ratepayer backed bonds as
14 opposed to traditional methods of rate recovery. Despite increases in U.S. Treasury
15 rates since Atmos filed its Application, the most recent indications we have
16 available are that the issuance of securitized bonds will result in \$8.5 million in net
17 present value benefits to customers associated with using this financing option,
18 assuming a ten-year securitization.

19 Another way to look at how securitization helps keep customer rates just
20 and reasonable is the currently anticipated per-customer bill impact associated with
21 the issuance of securitized bonds as compared to traditional ratemaking. Using the
22 interest rate estimates available in the record, residential customers would face an
23 increased monthly bill of approximately \$5.78 a month for ten years if securitized

1 bonds were issued. This compares to \$10.55 a month if these costs were recovered
2 over a five-year period using traditional ratemaking.

3 These kind of monthly bill savings, relative to traditional ratemaking
4 methods, are what allows securitization financing to contribute to the creation of
5 just and reasonable rates. In addition, the Agreement contains all of the enhanced
6 oversight and ratepayer protections that Staff advocated for in our Direct
7 Testimony, to ensure that the securitization process results in the lowest possible
8 bond costs, consistent with the statutory standard required by the Act.

9 Staff contends the Agreement will result in rates that fall within the “zone
10 of reasonableness” described by the Kansas courts in which the result is balanced
11 between the interests of investors versus ratepayers, present versus future
12 ratepayers, and is in the public interest generally. The result is balanced between
13 investors and ratepayers because it allows Atmos to be properly compensated for
14 the extraordinary costs that it incurred during the Winter Event to continue to
15 provide life-saving utility services during an extended cold snap that was by many
16 measures the worst experienced in several decades if not longer. At the same time,
17 the issuance of low cost securitized bonds allows these extraordinary Winter Event
18 costs to be financed by customers at lower interest rates and over a longer time
19 frame than would be possible if the only option was traditional methods of utility
20 financing and rate recovery. In Staff’s opinion, the anticipated financing terms of
21 ten to twelve years strikes the proper balance, in this case, between: (1) the desire
22 to maintain customer affordability; and (2) to prevent the extreme intergenerational

1 inequities that could occur over longer recovery time frames of up to 20-30 years
2 authorized in other states affected by the Winter Event.

3

4 **Q. Does Staff believe the results of the Agreement are in the public interest?**

5 A. Yes. There were multiple interests represented by the Joint Movants involved in
6 the negotiations: (a) Atmos representing the interests of its management and
7 shareholders; (b) CURB representing the interests of residential and small
8 commercial ratepayers; and (c) Staff attempting to balance each of those interests
9 while representing the interests of the public generally. The fact that these varied
10 interests were able to collaborate and present a unanimous resolution of the issues
11 in this case strongly indicates the public interest standard has been met.

12 Generally speaking, the public interest is served when ratepayers are
13 protected from unnecessarily high prices, discriminatory prices and/or unreliable
14 service. More specifically, it is Staff's opinion that the Agreement meets the
15 public interest because:

- 16 • It allows Atmos to begin the process of issuing securitized ratepayer-backed
17 bonds, under the oversight of the Commission's Designated Representative
18 (including its legal and investment advisors) and subject to the Issuance Advice
19 Letter process;
- 20 • The securitization process will result in savings to customers compared to
21 traditional ratemaking methods. This exists in the form of estimated
22 quantifiable net present value rate benefits of approximately \$8.5 million
23 assuming a ten-year issuance. These amounts will vary depending on the final

term of the bonds. It also results in lower expected monthly bill impacts of approximately \$5.78/month for a residential customer, compared to \$10.55 a month for traditional rate recovery methods over five years.

- In settlement negotiations, each of the Joint Movants represented their respective interests by putting time, thought, and professional analysis into deriving a settlement position it found reasonable;
- The Settlement was based on the record and is a reasonable compromise among the Joint Movants based on each party's own analysis of a reasonable outcome; and
- If the Agreement is approved, the Joint Movants would avoid the costly and time-consuming process of a fully-litigated hearing. It is in the public interest to avoid these costs if possible and the Agreement accomplishes this result.

Q. Should the Commission accept the Agreement as a reasonable resolution of the issues in this Docket?

A. Yes, the Agreement represents a reasonable resolution of the issues in this Docket, will assist in the creation of just and reasonable rates, is in the public interest, and is supported by substantial competent evidence in the record.

Q. Does this conclude your testimony?

A. Yes, thank you.

)

VERIFICATION

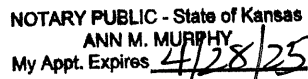
Justin T. Grady, being duly sworn upon his oath deposes and states that he is Chief of Revenue Requirements, Cost of Service and Finance for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Testimony in Support of Unanimous Settlement Agreement*, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

~~Justin T. Grady
Chief of Revenue Requirements,
Cost of Service and Finance
State Corporation Commission of the
State of Kansas~~

Subscribed and sworn to before me this 19 day of September, 2022.

Notary Public

My Appointment Expires: 4/28/25



CERTIFICATE OF SERVICE

22-ATMG-538-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Testimony in Support of Unanimous Settlement Agreement was served via electronic service this 19th day of September, 2022, to the following:

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CERTIFICATE OF SERVICE

22-ATMG-538-TAR

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