

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of Atmos Energy Corporation)
Filing Compliance Reports and Information as) Docket No. 21-ATMG-044-CPL
Prescribed by Commission Order Dated July)
9, 2020, in Docket No. 20-GIMG-423-ACT)

COMPLIANCE FILING

Atmos Energy Corporation ("Atmos Energy"), pursuant to the requirements of the Commission's Order issued in Docket No. 20-GIMG-423-ACT ("423 Docket") on July 9, 2020, is providing the attached information in compliance with the Commission's Order.

WHEREFORE, Atmos requests the information provided be accepted by the Commission in compliance with the reporting requirements in the 423 Docket.



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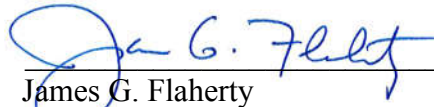
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VERIFICATION

STATE OF KANSAS
COUNTY OF FRANKLIN, ss:

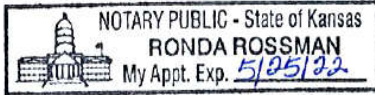
James G. Flaherty, of lawful age, being first duly sworn on oath, states:

That he is the attorney for Atmos Energy Corporation named in the foregoing Compliance Filing and is duly authorized to make this affidavit; that he has read the foregoing and knows the contents thereof; and that the facts set forth therein are true and correct.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 1st day of October, 2020.





Notary Public

Appointment/Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via electronic mail this 1st day of October, 2020, addressed to:

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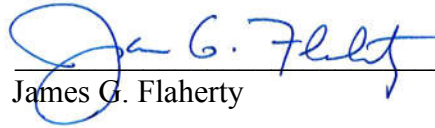
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James G. Flaherty

COVID-19 Accounting Narrative of Atmos Energy Corporation
August 10, 2020

Atmos Energy Corporation (“Atmos Energy” or the “Company”) has been in the process of developing various methodologies to identify and track COVID-19 related expenses, savings, and lost revenues. Atmos Energy has and will continue to refine the processes and procedures as we gain more insight and understanding of the impact COVID-19 has on the business.

Accounting controls occur as part of the normal course of business and include review of project costs prior to inclusion in a regulatory asset/liability, review of journal entries made prior to inclusion in the ledger and review of calculations that require estimation, for example allowance for bad debt/bad debt expense. As described below, the Company is currently tracking the impact of COVID-19, but thus far no amounts have been recorded as a regulatory asset or liability. When a regulatory asset or liability is recorded, the Company utilizes the FERC chart of accounts with regulatory assets being recorded to a 182 account and regulatory liabilities recorded to a 254 account.

Expenses - As an initial step, Atmos Energy has trained employees to actively code specific COVID-19 related expenses to the correct account as soon as they are incurred. The Company set up a project code in its accounting system specific for COVID-19 related expenses. Employees are instructed to code any COVID-19 specific purchases (such as hand sanitizer, masks, gloves, cleaning solution materials, and fuel), as well as outside services such as regulatory legal expenses, to the project code in order to track those expenses.

Savings - Tracking savings is not as straightforward as booking expenses to a project because it requires the identification and calculation of costs that did not occur. Thus far, the Company has identified two broad categories of material savings that are resulting from COVID-19: training and travel. To create an initial baseline to measure savings, the Company preliminarily used three-year averages of monthly amounts for March – June, years 2017-2019. However, the Company is continuing to evaluate the approach to the baseline calculation and may continue to refine it as more information becomes available.

If the Company identifies additional categories of expenses that appear to have decreased materially as a result of COVID-19, it will use a similar methodology for any such categories.

Lost Revenues – For the initial calculation provided to the Commission, the Company calculated its distribution load loss thus far during the pandemic using actual volumes, weather normalized, from its filed billing determinants in Proceeding 19-ATMG-525-RTS as a baseline compared to actual load during the COVID-19 period.

The workpapers in 19-ATMG-525-RTS provide billed volumes by customer class and by month. The weather normalization adjustment is also provided by month using current WNA methodology. Normalized volumes for months March – June provided a baseline for which to compare 2020 usage. To normalize 2020 usage, the Company used actual billed volumes for March 2020 – June 2020 by customer class and applied each month’s WNA adjustment, recently approved in its July 2020 Annual WNA filing.

The difference in volumes between the historical baseline and 2020 usage is the COVID-19 related load loss. To monetize this, the variance was multiplied by the effective volumetric rates of each customer class to create the lost revenue calculation.

If the Company identifies additional categories of revenues that appear to have decreased materially as a result of COVID-19, it will use a similar methodology for any such categories. Atmos has already identified additional lost revenue associated with COVID-19 that was not previously reported, such as the suspension of disconnection, reconnection, and late fees.

UPDATE - COVID-19 Accounting Narrative of Atmos Energy Corporation
September 29, 2020

Atmos Energy takes the health and safety of our customers, employees, and communities very seriously. This is critically important during the current health crisis. Beginning March 14th Atmos Energy suspended disconnects for non-payment and on March 16, the KCC directed all public utilities to suspend disconnecting for non-payment to prevent or avoid the immediate danger to the public health, safety or welfare.

The KCC lifted its moratorium on disconnects on June 1, 2020, but Atmos Energy continued to suspend disconnects to ensure the health and safety of its customers and employees as disconnects typically result in reconnects and this would have increased customer and employee contact. Another benefit was the financial relief the suspension of disconnects provided as customers could rest assured their gas service wouldn't be interrupted during these unprecedented times.

Atmos Energy has continued to suspend disconnections for non-payment and are implementing a strategic customer notification plan through mailed letters, social media, and billing messages to prompt payment instead.

This action provides relief at this time to our customers, many of whom are now facing unplanned challenges.

Atmos Energy also recognizes the impact recent legislation will have on customers' rates and commends the legislature on its action. HB2585 passed at the end of the 2020 session exempts utilities from paying state income tax. Atmos Energy worked with the KCC shortly following the passage of HB2585 and filed to reduce rates to pass on these tax savings directly to customers. The Commission issued its order approving the credit effective October 1, 2020. The credit will provide additional relief to customers during a trying year.