

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos Energy)
to Amend Its Demand Charge Savings Provision) Docket No. 19-ATMG- 486 -TAR
in its Purchased Gas Adjustment (PGA) Tariff)

APPLICATION

Atmos Energy Corporation ("Atmos Energy") requests approval to amend its Demand Charge Savings Provision in its Purchased Gas Adjustment ("PGA") Tariff. In support of its request Atmos Energy states as follows:

1. Atmos Energy is a natural gas public utility operating and duly authorized to transact business in the State of Kansas as a foreign corporation. Atmos Energy holds appropriate certificates from the Kansas Corporation Commission ("Commission") to transact business as a natural gas public utility and is now and has been engaged in the purchase, transmission, sale and distribution of natural gas in the State of Kansas in accordance with the laws of said state and the rules and regulations of this Commission.

2. Atmos Energy serves approximately 135,000 customers in 107 communities and in 32 counties in Kansas.

3. On April 7, 2014, the Commission issued an Order in Docket No. 14-ATMG-230-TAR ("230 Docket") approving a Stipulated Settlement Agreement between Atmos Energy, the Commission Staff ("Staff") and the Citizens' Utility Ratepayer Board ("CURB"). The Stipulated Settlement Agreement authorized Atmos Energy to amend its PGA Tariff to include a Demand Charge Savings Provision relating to its new five-year transportation agreement with Southern Star Central Pipeline ("2015 Southern Star Agreement"). Under said provision, the Commission established a sharing mechanism whereby Atmos Energy would share with its customers the savings associated with the significant discount and reduction in the demand charges Atmos Energy was

successful in obtaining under the 2015 Southern Star Agreement.

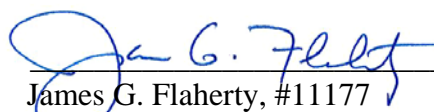
4. The demand charge savings were to be calculated using the difference between Southern Star's Federal Energy Regulatory Commission ("FERC") approved tariff rate and the discount rate included in the 2015 Southern Star Agreement multiplied by the amount of production capacity obtained by Atmos Energy from Southern Star under the 2015 Southern Star Agreement. The savings were to be shared between Atmos Energy's customers and Atmos Energy's shareholders. The customers were to receive 78% of the savings. Atmos Energy's shareholders were to receive 22% of the savings. The savings were to be distributed using the same procedure used to distribute revenues generated under Atmos Energy's capacity release mechanism. The customers' share of the savings would be provided to them by flowing the savings through Atmos Energy's PGA on a monthly basis. The shareholders' share of the monthly savings would be considered below the line revenue. The Demand Charge Savings Provision approved in the 230 Docket only applied to the demand charge savings achieved under the 2015 Southern Star Agreement. Pursuant to paragraph 13 of the Stipulated Settlement Agreement, Atmos Energy was required to file another application with the Commission to extend the Demand Charge Savings Provision to cover future pipeline capacity agreements.

5. Since the Demand Charge Savings Provision was placed in effect in December 2015, Atmos Energy's customers' share of the demand charge savings has totaled nearly \$5 million. Because of the customer savings it has been able to achieve since the provision was approved by the Commission in 2015, Atmos Energy requests permission to amend the Demand Charge Savings Provision in its PGA Tariff so the provision will apply to all future interstate and intrastate pipeline capacity agreements negotiated by Atmos Energy for its Kansas customers, including any new agreement with Southern Star Central Pipeline.

6. The testimony and exhibits of Sheri W. Rowe, Manager, Gas Supply and Services for

Atmos Energy, are being filed in support of this Application. Ms. Rowe explains how the actions taken by the Commission and its Staff in the 230 Docket assisted Atmos Energy in successfully negotiating a significant discounted rate for production area capacity under the 2015 Southern Star Agreement. She documents the nearly \$5 million in savings that Atmos Energy's customers have received to date under the Demand Charge Savings Provision in **Exhibit SWR-1**, which is attached to her testimony and which is incorporated herein by reference. Ms. Rowe also explains how amending the Demand Charge Savings Provision to apply to all future interstate and intrastate pipeline capacity agreements negotiated by Atmos Energy for its Kansas customers, including any new agreement with Southern Star Central Pipeline, will provide future savings to Atmos Energy's customers. Finally, Ms. Rowe sponsors the changes to the Demand Charge Savings Provision in the PGA Tariff that are being proposed by Atmos Energy that would allow the provision to apply to all future agreements. A copy of the Demand Charge Savings Provision in the PGA Tariff with red-line changes to the provision is attached to Ms. Rowe's testimony as **Exhibit SWR-2** and is incorporated herein by reference. Based upon meetings with Staff and CURB, Atmos Energy is proposing that the sharing percentages in the Demand Charge Savings Provision remain the same.

WHEREFORE, for the reasons set forth in this Application and in the testimony and exhibits filed by Ms. Rowe in support of the Application, Atmos Energy requests the Commission issue an Order approving the amendments to the Demand Charge Savings Provision in its PGA Tariff as set forth in **Exhibit SWR-2**.



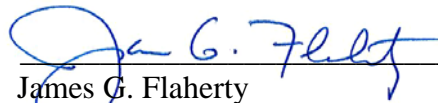
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VERIFICATION

STATE OF KANSAS, COUNTY OF FRANKLIN, ss:

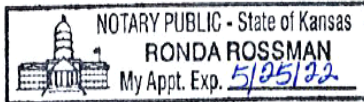
James G. Flaherty, of lawful age, being first duly sworn on oath, states:

That he is the attorney for Atmos Energy Corporation, named in the foregoing Application, and is duly authorized to make this affidavit; that he has read the foregoing Application, 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 23rd day of May, 2019.





Notary Public

Appointment/Commission Expires: