

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the Matter of the Application of Atmos)
Energy Corporation for Adjustment of its) Docket No. 19-ATMG-525-RTS
Natural Gas Rates in the State of Kansas.)

ORDER APPROVING ATMOS' SIP PLAN FOR YEAR 5

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 and conclusions:

1. On February 24, 2020, the Commission issued its Order on Atmos Energy Corporation's (Atmos) Application for a Rate Increase, approving a base rate revenue requirement increase of \$3,067,466, and resetting Atmos' Gas System Reliability Surcharge (GSRS) revenue requirement to zero, resulting in a net revenue reduction of \$223,953.¹

2. On June 17, 2020, Atmos filed a System Integrity Plan Tariff, which represented an agreement reached with Commission Staff (Staff) and the Citizens' Utility Ratepayer Board (CURB) on the terms and language contained in the SIP tariff.²

3. On June 25, 2020, the Commission issued an Order Approving Atmos' Weather Normalization Adjustment Tariff and Granting System Integrity Program Tariff, finding the proposed SIP conforms to the requirements for a SIP outlined by the Commission.³

¹ Order on Atmos Energy Corporation's Application for a Rate Increase, Feb. 24, 2020, ¶ A.

² Compliance Filing: Weather Normalization Adjustment Tariff, June 17, 2020, ¶ 2.

³ Order Approving Atmos' Weather Normalization Adjustment Tariff and Granting System Integrity Plan Tariff, June 25, 2020, ¶ 4.

4. On July 1, 2020, Atmos filed its 2020 System Integrity Program Plan, part of a five-year pilot program. The 2020 SIP Plan includes a five-year general plan of projects intended to be completed under the SIP Plan and a detailed SIP Project Plan for the first SIP Plan Year.⁴ Atmos plans to review the proposed five-year plan, the specific projects proposed for the first SIP Plan Year, the prioritization method it used to identify the specific projects and the goals to be achieved under the plan with Staff and CURB.⁵ The projects to replace obsolete pipe are prioritized based on overall scores that factors in the likelihood that the existing pipes will fail and the consequences of the pipes failing.⁶

5. On October 8, 2020, the Commission approved Atmos' overall SIP Plan objectives for the five-year pilot period in the proposed 2020 SIP Plan and the SIP Projects proposed for SIP Plan Year 1.⁷ Subsequently, on October 28, 2021, the Commission issued an Order Approving Atmos' System Integrity Program Plan for Year 2,⁸ and on November 1, 2022, the Commission approved Atmos' Year 3 SIP subject to the other provisions in the Settlement,⁹ and approved Atmos' Year 4 SIP and the SIP for Year 5, conditioned upon the approved projects maintain or increase their relative risk ranking when the ranking program is updated in 2024.¹⁰

6. On August 1, 2024, Atmos submitted its System Integrity Plan for Year 5, outlining its plans to replace low-pressure bare steel and vintage plastic pipe in Linwood, Edwardsville, Yates, Sedan, and Olathe, at a total estimated cost of \$ 7,734,755.¹¹

⁴ 2020 System Integrity Program Plan, July 1, 2020, ¶ 1.

⁵ *Id.*, ¶ 3.

⁶ *Id.*, Ex. A, p. 1.

⁷ Order Approving Atmos' 2020 System Integrity Program Plan, Oct. 8, 2020, ¶ 11.

⁸ Order Approving Atmos' System Integrity Program Plan for Year 2, Oct. 28, 2021, ¶ 12.

⁹ Order Approving Unanimous Settlement Agreement on Atmos' System Integrity Program Plan for Year 3, Nov. 1, 2023, ¶ 14.

¹⁰ Order Approving Atmos' SIP Plan for Year 4, Oct. 12, 2023, ¶ 9.

¹¹ Atmos Energy Corporation's System Integrity Program Plan for Year 5, Aug. 1, 2024, Exh. A, ¶ 3.

7. On October 1, 2024, Staff filed its Report and Recommendation, recommending approval of Atmos' Year 5 SIP investment, which replaces 6.55 miles of bare steel piping and 474 services in 5 towns in Kansas, at a total cost of \$7.7 million.¹² The estimated cost for Year 5 increased by \$234,756 from the previous filing due to an altered project list and inflation.¹³ Based on its review of the details for the proposed pipe replacement projects for 2025, Staff believes: (1) the Year 5 SIP plan is reasonable, (2) Atmos' selected projects are consistent with the goals of the SIP, and (3) the costs of the projects are in line with the previous years' filings.¹⁴ Thus, Staff recommends the Commission approve the Year 5 SIP Plan.¹⁵ Staff reminds the Commission that under the approved tariff, a decision on the SIP plan is due November 1, 2024.¹⁶

8. No responses to Staff's Report and Recommendation were filed.

9. The Commission agrees with Staff's Report and Recommendation's conclusions that the projects Atmos identified for Year 5 of its SIP Plan, and that the estimated costs associated with replacing those distribution systems are reasonable. Therefore, pursuant to the provisions of Atmos' SIP tariff, the Commission approves the Year 5 SIP as proposed by Atmos.

THEREFORE, THE COMMISSION ORDERS:

A. The SIP for Year 5 is approved.

B. 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).¹⁷

¹² Staff Report and Recommendation, Oct. 1, 2024, p. 1

¹³ *Id.*

¹⁴ *Id.*, p. 3.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 10/31/2024.



Lynn M. Retz
Executive Director

BGF

CERTIFICATE OF SERVICE

19-ATMG-525-RTS

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 10/31/2024.

JOSEPH R. ASTRAB, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
joseph.astrab@ks.gov

SHELLY M BASS, SENIOR ATTORNEY
ATMOS ENERGY CORPORATION
5430 LBJ FREEWAY
1800 THREE LINCOLN CENTRE
DALLAS, TX 75240
shelly.bass@atmosenergy.com

BRIAN G. FEDOTIN, GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
brian.fedotin@ks.gov

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067
jflaherty@andersonbyrd.com

JARED GEIGER, VICE PRES., RATES & REGULATORY
AFFAIRS
ATMOS ENERGY CORPORATION
1555 BLAKE ST STE 400
DENVER, CO 80202
jared.geiger@atmosenergy.com

JAMES H JEFFRIES IV, PARTNER
MCGUIREWOODS LLP
201 NORTH TRYON STREET
SUITE 3000
CHARLOTTE, NC 28202-2146
jjeffries@mcguirewoods.com

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
todd.love@ks.gov

CARLY MASENTHIN, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
carly.masenthin@ks.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
david.nickel@ks.gov

KATHLEEN R OCANAS, DIVISION VP OF RATES &
REGULATORY AFFAIRS
ATMOS ENERGY CORPORATION
25090 W 110TH TERR
OLATHE, KS 66061
kathleen.ocanas@atmosenergy.com

CERTIFICATE OF SERVICE

19-ATMG-525-RTS

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
shonda.rabb@ks.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
della.smith@ks.gov

/S/ KCC Docket Room
KCC Docket Room
