

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

**IN THE MATTER OF THE INVESTIGATION)
INTO ATMOS ENERGY CORPORATION)
REGARDING FEBRUARY 2021 WINTER) DOCKET NO. 21-ATMG-333-GIG
WEATHER EVENTS, AS CONTEMPLATED)
BY DOCKET NO. 21-GIMX-303-MIS)**

DIRECT TESTIMONY OF

BARTON W. ARMSTRONG

SEPTEMBER 14, 2021

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1 **DIRECT TESTIMONY OF BARTON W. ARMSTRONG**

2 **I. POSITION AND QUALIFICATIONS**

3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS AND**
4 **DESCRIBE YOUR ROLE AT ATMOS ENERGY CORPORATION.**

5 A. My name is Barton (Bart) W. Armstrong, and my business address is 25090 W.
6 110th Terrace, Olathe, Kansas 66061. I am the President of the Colorado/Kansas
7 Division of Atmos Energy Corporation¹ (“Atmos Energy” or the “Company”). I
8 oversee the provision of natural gas service to 256,487 customers in 174
9 communities and 7,235 miles of pipe in those two states.

10 **Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL**
11 **BACKGROUND.**

12 A. I received a Bachelor of Science degree from Texas Tech University, Lubbock,
13 Texas, in 1991. I have been employed in the natural gas distribution business for 28
14 years, during which time I have worked in various capacities in operations and
15 marketing. I began work in 1990 for Atmos Energy (formerly Energas) in Lubbock,
16 Texas as a utility worker in the service department. From 1993 to 2006, I worked
17 in the Marketing department in various roles including Sales Representative,
18 Industrial and Large Volume Sales Manager and Marketing Manager for the West

¹ Atmos Energy is the largest fully regulated pure natural gas distribution company in the United States. The Company delivers natural gas to approximately 3.2 million residential, commercial, industrial and public-authority customers in eight states. Atmos Energy has six unincorporated gas utility operating divisions headquartered in Lubbock, Texas (West Texas division); Dallas, Texas (Mid-Tex division); Denver, Colorado (Colorado/Kansas division); Baton Rouge, Louisiana (Louisiana division); Jackson, Mississippi (Mississippi division); and Franklin, Tennessee and Owensboro, Kentucky (Kentucky/Mid-States division). In addition, Atmos Energy has an operating division, Atmos Pipeline - Texas, headquartered in Dallas, Texas, which consists of a regulated intrastate pipeline that operates only within Texas.

1 Texas Division. In this role I was responsible for all business development, gas
2 transportation revenues, sales revenues, customer growth and operations of an
3 intrastate pipeline that supplied natural gas to over 200,000 customers in West
4 Texas. In 2007, I was promoted to Operations Manager in Lubbock and responsible
5 for 89 employees, 6,000 miles of pipe, all daily field operations, maintenance and
6 capital projects. In 2008, I was promoted to Vice President of Marketing for the
7 Colorado/Kansas Division and relocated to Olathe, Kansas. In this role I was
8 responsible for coordinating growth activity, business development, and customer
9 service for both Colorado and Kansas. In 2009, I was named as Operations Vice
10 President. In that role, I had responsibility over all employee safety, public safety,
11 system safety and reliability in Kansas. In 2020, I was named to my current position
12 in Kansas and Colorado.

13 **Q. ARE YOU SPONSORING ANY EXHIBITS OR SCHEDULES AS PART OF**
14 **YOUR DIRECT TESTIMONY?**

15 A. Yes. My exhibits are listed in the table of contents above.

16 **Q. WERE YOUR EXHIBITS AND THE SCHEDULES YOU SPONSOR**
17 **PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION?**

18 A. Yes.

19 **II. PURPOSE OF FILING AND TESTIMONY**

20 **Q. WHAT IS THE PURPOSE OF THIS FILING?**

21 A. Pursuant to the Commission's order initiating this Docket on March 9, 2021
22 ("Order"), Atmos Energy Corporation ("Atmos Energy" or "Company") submits
23 its Plan to Minimize the Financial Effects of the Cold Weather Event ("Plan").
24 Under the Plan, Atmos Energy would apply with the Kansas Corporation

1 Commission (“Commission”) for a Financing Order in a separate docket pursuant
2 to the applicable provisions contained in the Utility Financing and Securitization
3 Act passed by the Kansas Legislature in 2021 ("Act"). The Financing Order would
4 authorize the issuance of Securitized Utility Tariff Bonds to finance the Qualified
5 Extraordinary Costs (as defined by the Act) incurred by Atmos Energy as a result
6 of the February 2021 Winter Weather Event ("Winter Event") in order to minimize
7 the financial impact on the Company and its customers.

8 **Q. WHAT ACTION DOES ATMOS ENERGY REQUEST FROM THE**
9 **COMMISSION AT THIS TIME?**

10 A. Atmos Energy seeks a regulatory asset determination that \$109,809,921 of
11 extraordinary costs associated with the February 2021 Winter Event are reasonable
12 and necessary costs eligible for recovery from customers.

13 In order to reduce the financial impact on customers, Atmos Energy requests the
14 Commission’s approval to recover its Extraordinary Gas Costs through a
15 securitized bond issuance with a period up to 15 years. However, if the
16 Commission chooses not to approve the Plan, the Company asks that it be allowed
17 to recover its extraordinary gas costs and other costs related to the Winter Event,
18 including carrying costs based upon the Company's weighted cost of capital, over
19 3 years through a Winter Event Rider (“Alternative Plan”). The estimated customer
20 impacts of the Plan and the Alternative Plan are described in more detail in the
21 Direct Testimony of Kathleen Ocanas.

1 **Q. IS ATMOS ENERGY REQUESTING A REGULATORY ASSET**
2 **DETERMINATION FOR ALL OF ATMOS ENERGY'S**
3 **EXTRAORDINARY COSTS INCURRED AS A RESULT OF WINTER**
4 **STORM URI?**

5 A. No. Pursuant to the Commission's February 15th Order, the extraordinary costs
6 included in this filing are those related to the extraordinary gas costs incurred during
7 February 2021, carrying costs, and costs associated with this case and the
8 application for securitization². The Company will present any other extraordinary
9 costs incurred to provide service to customers during the February 2021 Winter
10 Weather Event for review and recovery in a future proceeding.

11 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

12 A. I introduce the other witnesses testifying in support of the Company's application
13 and provide an overview of how the Company testimony supports a sound financial
14 plan for addressing the extraordinary gas cost and related expenses that Atmos
15 Energy incurred, during the Winter Event. I also describe the operations activities
16 undertaken by Atmos Energy before, during, and after the February 2021 Winter
17 Weather Event to ensure system reliability, the continued provision of gas service
18 to human needs customers in Kansas and discuss lessons learned from the event.

19 I also support recovery of the approved regulatory asset balances through
20 utility tariff bond proceeds as authorized under the newly enacted Act. My
21 testimony, and that of Jason Schneider, demonstrates that securitization is the most

² See BWA-3, In the Matter of Record Natural Gas Prices and Potential System Reliability Issues from Unprecedented and Sustained Cold Weather, Emergency Order, Docket No. 21-GIMX-303-MIS, Kansas Corporation Commission (Feb. 2021)

1 cost-effective and affordable method of reimbursing Atmos Energy for its
2 extraordinary gas procurement costs incurred during the February 2021 Winter
3 Weather Event.

4 Regarding the requested regulatory asset determination, my testimony,
5 along with Kenny Malter, describes the prudence of extraordinary costs Atmos
6 Energy incurred in February 2021. I also describe and support the reasonableness
7 of the legal and consulting expenses the Company seeks to recover.

8 **III. ATMOS ENERGY'S KANSAS OPERATIONS AND WITNESS**
9 **INTRODUCTION**

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

12 A. In Kansas, Atmos Energy serves approximately 135,000 customers in 110
13 communities located in 32 counties. The communities are spread throughout the
14 state. In the Kansas City metropolitan area, the Company serves Olathe, Bonner
15 Springs, DeSoto and portions of Kansas City, Overland Park, Shawnee, Lenexa and
16 Lawrence. In Southeast Kansas, the Company serves Independence, Coffeyville
17 and Yates Center. In Central Kansas, the Company serves Council Grove and
18 Herington. In South Central and Northwest Kansas, the Company serves Anthony
19 and South Haven, near Wichita, and Ness City. In Southwest Kansas, the Company
20 serves Ulysses and Johnson City. Attached as Exhibit BWA-1 is a map of our
21 Kansas service territory.

22 Atmos Energy's active Kansas customer base consists of approximately
23 125,000 residential customers, 9,800 commercial and public authority customers,
24 15 industrial customers, 258 irrigation customers and 450 transportation customers.

1 The Company's utility plant includes 4,105 miles of transmission and distribution
2 mains and 151,670 service lines.

3 **Q. IN ADDITION TO YOURSELF, ARE OTHER WITNESSES PRESENTING**
4 **TESTIMONY IN SUPPORT OF THE COMPANY'S FINANCIAL PLAN?**

5 A. Yes. In addition to my testimony, the Company is presenting the direct testimony,
6 exhibits, and supporting schedules of four other (4) witnesses.

7 Mr. Rob Leivo, Vice President of Marketing for the Colorado/Kansas
8 Division of Atmos Energy, describes the manner in which the Company interrupted
9 and curtailed customers to ensure continued service for higher-priority customers, as
10 well as what steps the Company has taken subsequent to the Winter Event to improve
11 this process.

12 Mr. Kenneth Malter, Director, Gas Supply & Services, SSU, supports the
13 prudence of the Company's extraordinary gas costs. Mr. Malter provides a timeline
14 of events from the perspective of Gas Supply that relate to available gas supplies,
15 the decisions made, and prices paid for natural gas during February 2021,
16 particularly during Winter Storm Uri.

17 Mr. Malter also explains the prudent actions taken by Atmos Energy on an
18 annual basis to ensure adequate supplies of natural gas during the winter heating
19 season and supports the Company's Gas Supply Plan for the 2020/2021 winter,
20 including February 2021. Mr. Malter explains how Winter Storm Uri severely
21 disrupted normal gas supply practices and supports the prudence of Atmos Energy's
22 natural gas purchases during February 2021 and the resulting extraordinary gas
23 costs incurred to reliably serve customers throughout this unprecedented winter

1 storm. Mr. Malter identifies ways in which Atmos Energy could mitigate gas
2 supply costs should a similar event occur during the upcoming winter.

3 Mr. Jason Schneider, Assistant Treasurer, Shared Services, testifies in
4 support of the use of securitization financing as the method through which Atmos
5 Energy will be reimbursed for the extraordinary costs incurred to provide service
6 to customers during Winter Storm Uri. Mr. Schneider explains that securitization
7 financing will provide tangible and quantifiable benefits to utility customers,
8 greater than would be achieved absent the issuance of securitized utility tariff
9 bonds. Mr. Schneider describes the proposed structuring, expected pricing, and
10 proposed financing costs of securitized utility tariff bonds, and further explains that
11 securitized utility tariff bond financing for extraordinary costs is the most cost-
12 effective method of funding regulatory asset reimbursements to the gas utility.

13 Mrs. Kathleen Ocanas, Vice President of Rates and Regulatory Affairs, for
14 the Colorado/Kansas Division calculates the estimated customer bill impacts under
15 both the Plan and Alternative Plan. Mrs. Ocanas describes the proposed
16 reconciliation process set forth in the Act. Mrs. Ocanas' testimony further
17 demonstrates that securitization will provide expected benefits to customers in
18 terms of affordability and that the use of a securitization financing mechanism
19 serves the public interest. Mrs. Ocanas' testimony also sets out a general plan for
20 informing Atmos Energy customers of the benefits of securitization.

1 **Q. PLEASE DISCUSS HOW THE COMPANY IS SUPPORTING THE**
2 **EXTRAORDINARY GAS COSTS FOR WHICH A REGULATORY ASSET**
3 **DETERMINATION IS REQUESTED IN THIS FILING.**

4 A. The Company is supporting the regulatory asset balance by providing the
5 information required by the Commission's February 15th Order and the Act. In
6 addition to cost-specific evidence supporting the reasonableness and necessity of
7 these costs, Mr. Malter addresses the specifics of the Company's gas purchases and
8 discusses the market conditions that led to the pricing for these purchases. Finally,
9 Mr. Schneider addresses and supports the use of securitization financing. In the
10 aggregate, this information in conjunction with Mr. Leivo, Mrs. Ocanas, and my
11 testimony supports a Commission determination that the extraordinary costs
12 presented for recovery were reasonable and necessarily incurred and should be
13 recovered through the issuance of utility tariff bonds.

14 **IV. ATMOS ENERGY'S RESPONSE TO WINTER STORM URI**

15 **Q. PLEASE DESCRIBE THE FEBRUARY 2021 WINTER WEATHER EVENT**
16 **AND ITS IMPACT.**

17 A. Winter Storm Uri was historic in its severity, its breadth, and its duration. On
18 February 14, 2021. The Governor of the State of Kansas issued a State of Disaster
19 Emergency Proclamation.

20 Across the state, temperatures dropped to some of the coldest recorded in
21 decades. Six records were set in February at the Wichita Dwight D. Eisenhower
22 National Airport. Two records came each day between February 14th-16th, with
23 minus 17 degrees recorded on February 16th being the lowest temperature in the
24 history of that day and tying the fourth-coldest temperature ever recorded in

1 Wichita. The record is based on data dating back to the late 1800s. The lowest
2 temperature recorded across the state was minus 29 degrees measured in
3 Washington County. Overall, the storm had catastrophic impacts coast-to-coast,
4 causing power outages, burst water pipes, and limited travel.

5 These weather conditions, high customer demand for natural gas, and the
6 diminished availability of gas supply created a perfect storm causing natural gas
7 prices to soar to unparalleled highs and the normal market structure and incentives
8 to cease to function due to severely constrained supply during a time of
9 unprecedented demand.

10 **Q. DID GOVERNMENT OFFICIALS URGE THE COMPANY TO TAKE**
11 **NECESSARY STEPS TO ENSURE NATURAL GAS SERVICE**
12 **CONTINUED TO BE PROVIDED TO CUSTOMERS?**

13 A. Yes. In addition to the State of Disaster declared by Governor Kelly, the
14 Commission issued an Emergency Order dated February 15, 2021, noting the sub-
15 zero temperatures and the extreme threat to customers' natural gas service. The
16 Commission also recognized that high prices would occur due to high demand and
17 the decrease in supply and made clear that it expected natural gas and electric
18 utilities to take all actions necessary to "ensure natural gas and electricity service
19 continues to be provided to their customers in Kansas."³

³ BWA-3, *In the Matter of Record Natural Gas Prices and Potential System Reliability Issues from Unprecedented and Sustained Cold Weather, Emergency Order, Docket No. 21-GIMX-303-MIS*, Kansas Corporation Commission (Feb. 2021).

1 **Q. DID ATMOS ENERGY TAKE ALL REASONABLE AND NECESSARY**
2 **ACTIONS TO SECURE GAS SUPPLIES AND FORTIFY ITS LOCAL GAS**
3 **DISTRIBUTION SYSTEMS TO PROVIDE SERVICE TO CUSTOMERS**
4 **THROUGHOUT THE DURATION OF THE FEBRUARY 2021 WINTER**
5 **WEATHER EVENT?**

6 A. Yes, as discussed in the Direct Testimony of Mr. Malter in more detail, Atmos
7 Energy secured the necessary gas supplies and as a result was able to meet its
8 obligation to serve our Kansas customers. This is evidenced by the fact that 99.99%
9 of Atmos Energy's Kansas human needs customers experienced no service
10 disruptions during Winter Storm Uri.

11 **Q. IN ADDITION TO SECURING NECESSARY GAS SUPPLIES TO SERVE**
12 **ITS KANSAS CUSTOMERS, WHAT WERE SOME OF THE OTHER**
13 **ACTIONS THAT ATMOS ENERGY TOOK TO ENSURE THE SERVICE**
14 **WAS PROVIDED TO ITS CUSTOMERS DURING THIS HISTORIC**
15 **WEATHER EVENT?**

16 A. The Kansas Division began preparations for the extreme weather event as soon as
17 the forecast was communicated two weeks prior to the event. Regular meetings
18 began as early as February 5, 2021 and the preparations were executed as planned,
19 with implementation beginning on or about February 12, 2021. Atmos Energy
20 employees also participated in daily meetings with all other utilities. This was an
21 historic weather event that warranted coordination with other LDCs, pipelines, the
22 Commission, producers, and electric utilities. This interaction allowed us to share
23 information regarding gas supply, system performance, curtailments, conservation

1 efforts and customer communication. In addition, the Company proactively
2 communicated with its customers and other stakeholders to provide them with up-
3 to-date information regarding the Winter Event, service issues, and the importance
4 of natural gas conservation.

5 **Q. GENERALLY SPEAKING, HOW DOES THE NATURAL GAS DELIVERY**
6 **SYSTEM WORK?**

7 A. The fundamental principal of a natural gas system is that gas flows from higher
8 pressure to lower pressure. Natural gas is extracted from the ground, processed to
9 remove heavy hydrocarbons and contaminants, and compressed into a high-
10 pressure pipeline. This pipeline transports the gas ultimately delivering the gas to
11 a local distribution company for end use or into a storage facility for later use.
12 Because natural gas is compressible, pressure is a key element to the transportation
13 of gas along any portion of this system (pipeline or distribution). The higher the
14 pressure, the larger the volume of gas a given pipe can hold. Under normal
15 operating conditions, gas is injected and withdrawn from a pipeline system in
16 equivalent measures to ensure sufficient pressures to allow delivery of natural gas
17 throughout the system. However, if the total demand of downstream customers
18 exceeds the supply coming into the system, system pressures will drop and the gas
19 begins to decompress, thus eroding the line pack and over time lowering the
20 delivery pressure. As this continues to occur in extreme situations, the pressure at
21 the ends of the system will approach zero indicating there is no gas to deliver to
22 that customer.

1 **Q. PLEASE DESCRIBE HOW ATMOS ENERGY DESIGNS ITS SYSTEM IN**
2 **ORDER TO MEET CUSTOMER DEMAND DURING EVENTS SUCH AS**
3 **WINTER STORM URI.**

4 A. Atmos Energy plans, designs, and constructs its system to support the reliable
5 delivery of natural gas to its firm residential and commercial customers during peak
6 winter weather conditions. The system is also continually fortified and expanded
7 to support the population growth within Kansas. The investments we have made
8 in the system in infrastructure, storage, and system fortifications are made to
9 prepare for an event of this magnitude and have paid off as evidenced by the fact
10 that the system performed extraordinarily well given that Winter Storm Uri was
11 equal to or more severe than system design conditions.

12 **Q. WHAT ACTIONS WERE NECESSARY IN ORDER FOR THE COMPANY**
13 **TO MAINTAIN THE PRESSURES REQUIRED TO CONTINUE TO**
14 **OPERATE THE SYSTEM?**

15 A. The Company had to reduce the demand on the system by interrupting and
16 curtailing certain customers and requesting customers to conserve usage. Mr. Leivo
17 discusses this in greater detail within his direct testimony.

18 **Q. WHAT ROLE DOES STORAGE GAS HAVE IN MAINTAINING SYSTEM**
19 **PRESSURE?**

20 A. Storage gas acts as a temporary booster shot to address a peak in demand or
21 limitation in gas supply. While storage gas can serve an important role in managing
22 system pressure, it is important to recognize that storage is limited and is location
23 dependent. Storage contracts and our storage field also have a limited volume of

1 gas they can hold and once depleted, it must be recharged (gas added back into the
2 storage) with gas sourced from production fields.

3 **Q. DOES ATMOS ENERGY RELY ON STORAGE GAS DURING A COLD**
4 **WEATHER EVENT TO SERVE CUSTOMER DEMAND?**

5 A. Yes, storage is part of the Company’s overall gas supply portfolio. However, it is
6 important to recognize that during a typical cold weather event, the demand from
7 residential and commercial customers far exceeds the volume of gas that is
8 produced in proximity to the demand or can be moved from the existing pipeline
9 system from the supply hubs. This means that while the Company relies on storage
10 during cold weather events, storage gas functions as a *supplement* to purchased gas,
11 rather than a primary source of supply. It is also important to understand that in an
12 extended cold weather event storage working gas volumes can be significantly
13 depleted since there is little chance to contemporaneously refill the storage facility.
14 Operationally, it takes two to three times as long to recharge a storage facility
15 compared to extracting the gas out of the facility, depending on inventory levels
16 and gas supply.

17 **V. KANSAS OPERATIONS BEFORE, DURING AND AFTER THE**
18 **FEBRUARY 2021 WINTER WEATHER EVENT**

19 **Q. HAS ATMOS ENERGY DESIGNED AND BUILT THE KANSAS**
20 **DISTRIBUTION SYSTEMS TO PROVIDE SERVICE DURING EXTREME**
21 **WEATHER EVENTS, SUCH AS WINTER STORM URI?**

22 A. Yes. It is part of our normal course of business to identify areas of our system that
23 need fortification and to replace infrastructure and enhance reliability by increasing
24 capacity and the maximum allowable operating pressure (“MAOP”). During

1 Winter Storm Uri, Atmos Energy's system performed exceptionally well, as
2 evidenced by the delivery of reliable service to 99.99% of our Kansas human needs
3 customers for the full duration of this event.

4 **Q. DOES ATMOS ENERGY PERFORM WINTERIZATION ACTIVITIES AS**
5 **PART OF ITS NORMAL OPERATIONS ACTIVITIES?**

6 A. Yes. Each fall, Atmos Energy has a winter preparation meeting where the
7 operations, system planning, engineering, alternative fuels, and gas control review
8 the past winter, any changes to the system over the summer, as well as any active
9 projects that will impact the system prior to the winter. In addition, a review is
10 conducted of the winterization activities that need to be performed. At a minimum,
11 company service technicians, measurement instrumentation and control (MIC)
12 technicians, operation's leadership, and contractor support personnel perform the
13 following activities:

- 14 • Inspect and replace parts on equipment in town border stations and other
15 regulator stations;
- 16 • Inspect and install catalytic heaters at selected regulator stations to prevent
17 freezing;
- 18 • Inspect solar panel and back-up batteries at the stations;
- 19 • Fill diesel tanks for back-up electric generators at critical sites, including gas
20 control centers;
- 21 • Review and install pressure monitoring devices at expected pressure low points;
- 22 • Replace orifice plates to ensure proper measurement and eliminate flow
23 restrictions for the higher volume winter flows;
- 24 • Fill odorizer tanks to ensure the odorant does not restrict the necessary volumes
25 needing to flow;
- 26 • Chains, ice cleats, and other winter safety equipment are procured and
27 distributed;
- 28 • Review staffing to ensure appropriate training/operator qualifications are
29 adequate for winter activity;
- 30 • Refresher training is provided to the curtailment team and each interruptible
31 customer is contacted to remind them of their interruptible status and to verify
32 contact information.

1 **Q. WERE THESE ANNUAL WINTERIZATION ACTIVITIES PERFORMED**
2 **IN ANTICIPATION OF THE 2020/2021 WINTER HEATING SEASON?**

3 A. Yes.

4 **Q. DOES ATMOS ENERGY HAVE AN EMERGENCY OPERATIONS PLAN**
5 **FOR EVENTS SUCH AS THE FEBRUARY 2021 WINTER WEATHER**
6 **EVENT?**

7 A. Yes. Federal and state pipeline safety regulations require natural gas operators to
8 have emergency plans for responding to pipeline emergencies. We review these
9 emergency plans annually, and we train our employees to assure they are
10 knowledgeable of the procedures. We also have liaison activities with appropriate
11 fire, police, and other public emergency response officials.

12 **Q. WAS THE EMERGENCY OPERATIONS PLAN IMPLEMENTED FOR**
13 **THE FEBRUARY 2021 WINTER WEATHER EVENT?**

14 A. Yes, in addition to implementing its emergency operations plan for winter weather
15 events, the Company began monitoring and assembling teams approximately one
16 week in anticipation of Winter Storm Uri's arrival. Additionally, the Company:

- 17
- 18 • Beginning February 8th, reviewed all non-essential work that could be
19 suspended during the event. This included all non-emergency construction
20 activity, meter reading, meter testing, non-emergency service orders including
21 disconnects for non-pay, etc.;
 - 22 • CNG tankers were strategically positioned beginning February 8th, and;
 - 23 • As early as February 5th, staffing plans were developed and implemented to
ensure system facility coverage on a 24/7 basis.

1 **Q. DID ATMOS ENERGY TAKE ANY SPECIFIC ACTIONS IN ADVANCE**
2 **OF OR DURING WINTER STORM URI TO FORTIFY SYSTEM**
3 **PRESSURE ON THE KANSAS DISTRIBUTION SYSTEMS?**

4 A. Yes. We increased selected system operating pressures up to MAOP. A system's
5 MAOP is based on federal guidelines that restrict the operating pressure based on
6 material and original installation documentation. Typically, a pipe's MAOP ranges
7 from two pounds to 800 pounds. The primary purpose of taking this action was to
8 increase pressure to create increased line pack. A secondary benefit of this action
9 is the early purchase of natural gas supply which would have otherwise been needed
10 to be purchased during Winter Storm Uri.

11 In addition, on February 12, 2021, and the succeeding four days, we
12 deployed Company and contract damage prevention specialists to monitor the
13 system and identify any potential excavation activities, as third-party damage has
14 the potential to detrimentally impact the Company's ability to deliver natural gas
15 to our customers.

16 **Q. WERE THERE CERTAIN FACTORS THAT MADE WINTER STORM**
17 **URI UNIQUE AS COMPARED TO OTHER HISTORICAL WINTER**
18 **WEATHER EVENTS?**

19 A. Yes. Winter Storm Uri was unique as compared to other winter storm events in
20 several respects primarily because of the widespread geographic impact and
21 intensity of the storm. Also, the days of rolling outages created additional
22 challenges due to unstable demand. Many appliances now have electronic ignition.
23 When the power was off, homes cooled off due to the heaters not being able to light

1 and water in hot water heaters cooled. When the power was restored to a
2 community, all the heaters and hot water appliances simultaneously resumed
3 operation with a maximum burn. This surge in demand caused the system pressure
4 to fall rapidly.

5 **Q. DID ATMOS ENERGY ENCOURAGE ITS CUSTOMERS TO CONSERVE**
6 **GAS USAGE DURING THE FEBRUARY 2021 WINTER WEATHER**
7 **EVENT?**

8 A. Yes. We utilized press releases, social media, and informational website for winter
9 safety tips to encourage conservation from our customers. Atmos Energy
10 proactively shared winter safety tips for preparing for bitterly cold temperatures via
11 press release on Friday, February 12. This and all subsequent press releases were
12 sent to local media and further amplified by Managers of Public Affairs who shared
13 the announcements with community partners, chambers of commerce, city
14 contacts, and elected officials in their respective territories. Social media posts with
15 graphics supported these press releases on Facebook, Instagram, Twitter and
16 Nextdoor. Additionally, we launched an informational website for winter tips with
17 a sitewide alert for easy access. Examples of these communications are provided
18 in Exhibit BWA-2 to my testimony.

19 **Q. WAS ATMOS ENERGY ABLE TO SUCCESSFULLY RESPOND TO THE**
20 **OPERATIONAL CHALLENGES CREATED BY WINTER STORM URI?**

21 A. Yes.

1 **Q. WAS ATMOS ENERGY ABLE TO PROVIDE SAFE AND RELIABLE GAS**
2 **SERVICE TO ITS HUMAN NEEDS CUSTOMERS THROUGHOUT THIS**
3 **EXTREME WEATHER EMERGENCY?**

4 A. Yes. The Company did not experience any significant equipment or system
5 failures. A few meters froze up due to moisture, but personnel were able to quickly
6 rectify those instances. Despite this unprecedented event, Atmos Energy continued
7 to deliver reliable service to 99.99% of our Kanas customers for the full duration
8 of this event.

9 **Q. MR. MALTER TESTIFIES REGARDING THE EXTRAORDINARY GAS**
10 **COSTS INCURRED TO PROVIDE SERVICE DURING THE FEBRUARY**
11 **2021 WINTER WEATHER EVENT. FROM AN OPERATIONS**
12 **PERSPECTIVE, WAS THE GAS PURCHASED BY ATMOS ENERGY**
13 **DURING THIS EVENT NECESSARY TO MEET HUMAN NEEDS**
14 **CUSTOMER DEMAND AND SUPPORT SYSTEM OPERATIONS?**

15 A. Yes. Atmos Energy has a commitment to serve our customers and an obligation to
16 purchase natural gas to do so. Utilities are required to deliver natural gas to
17 customers at the locations it is needed during all weather conditions, including
18 natural disasters and severe weather events that affect supply and demand.

19 **Q. DID THE COMPANY'S CONTINUED PROVISION OF NATURAL GAS**
20 **SERVICE DURING WINTER STORM URI BENEFIT ITS CUSTOMERS?**

21 A. Absolutely. Our customers rely on natural gas to operate their fireplaces, water
22 heaters, central heat, stoves, dryers, outdoor kitchens, and backup electric
23 generators. Without gas service, customers may not have heat, hot water, a means

1 to cook, and/or back-up electricity. In a prolonged winter event like Winter Storm
2 Uri, natural gas service is critical to the sustainment of life and to protect property
3 from being damaged as a result of water pipes freezing off and breaking because of
4 a lack of heat in homes and businesses.

5 **A. Lessons Learned**

6 **Q. WHAT LESSONS WERE LEARNED FROM THE WINTER EVENT?**

7 A. The Company continues to evaluate its experiences during the Winter Event. We
8 have since learned that we need contact information for interruptible and large
9 volume customers that is also effective outside of business hours. We have also
10 recognized that for transport customers without EFM (telemetry), there is no ability
11 to see what they are using in real time and ascertain if they are complying with
12 interruption requests. The Company plans to review some of its compressor
13 components and ensure they are rated to operate in a broader range of temperatures
14 such as the subzero temps experienced. The Company found that even Glycol can
15 thicken in those conditions. One area for further study is having remote monitoring
16 and flow control at some key facilities to eliminate the need to have employees
17 moving from location to location manually monitoring pressures and system
18 activity. The Company has begun a "lessons learned" initiative from operational
19 lessons to design/technical issues; customer communications and notices;
20 employee PPE and equipment to work in such extreme cold; electronic flow

1 control; pressure and monitoring equipment in key locations; gas purchasing
2 practices; etc.

3 **VI. EXTRAORDINARY COSTS**

4 **Q. PLEASE DESCRIBE THE EXTRAORDINARY COSTS ATMOS ENERGY**
5 **HAS INCLUDED IN THE REGULATORY ASSET PRESENTED FOR**
6 **DETERMINATION IN THIS CASE.**

7 A. Consistent with the Commission's February 15th Order and newly enacted Act,
8 Atmos Energy's regulatory asset includes extraordinary gas procurement costs. In
9 addition to the extraordinary commodity cost, the extraordinary costs include:
10 (1) debt issuance costs incurred to secure financing and pay for natural gas volumes
11 purchased during these dates; (2) carrying costs from the date the costs were
12 incurred through the expected date of the bond issuance; and (3) extraordinary legal
13 and consulting expenses arising from the February 2021 Winter Event.

14 **A. Extraordinary Natural Gas Procurement Costs**

15 **Q. PLEASE DESCRIBE THE NATURAL GAS PURCHASES THAT ARE THE**
16 **SUBJECT OF THE COMPANY'S REQUEST FOR A REGULATORY**
17 **ASSET DETERMINATION.**

18 A. The Company is requesting a regulatory asset determination regarding
19 extraordinary gas costs incurred by Atmos Energy during the February 2021 Winter
20 Event. These natural gas costs were incurred due to the extreme weather and
21 market conditions experienced during Winter Storm Uri. Mr. Malter discusses the
22 costs in more detail, including how we determined the extraordinary amount of gas
23 costs to exclude from recovery through the normal Purchase Gas Cost adjustment
24 tariff.

1 **Q. WHAT IS THE AMOUNT OF EXTRAORDINARY GAS PROCUREMENT**
2 **COSTS THAT THE COMPANY SEEKS TO RECOVER IN THIS**
3 **PROCEEDING?**

4 A. As shown in the Company's Plan, the extraordinary gas procurement costs are
5 approximately \$88 million for the Kansas Division. The financing and carrying
6 costs included in the regulatory asset are discussed in Mr. Schneider's direct
7 testimony.

8 **Q. WERE THE EXTRAORDINARY GAS COSTS INCURRED BY ATMOS**
9 **ENERGY NECESSARY TO PROVIDE SERVICE TO CUSTOMERS?**

10 A. Yes. The extraordinary gas costs incurred by the Company were necessary to
11 provide safe and reliable gas service to human needs customers.

12 **Q. DO YOU BELIEVE THAT THE COMPANY WOULD BE JUSTIFIED IN**
13 **REFUSING TO PURCHASE GAS NEEDED TO SERVE ITS HUMAN**
14 **NEEDS CUSTOMERS BASED ON A CONCLUSION THAT THE GAS IS**
15 **SIMPLY TOO EXPENSIVE?**

16 A. No, while the circumstances that resulted in the Company incurring these
17 extraordinary gas costs were both unforeseen and extremely unusual, the
18 Company's obligation to serve its human needs customers is not limited by the
19 price of gas. The Company has an obligation to serve its customers. Atmos Energy
20 fulfilled this obligation during the February 2021 Winter Event by securing natural
21 gas supplies necessary to operate its system and meet customer demand during this
22 unprecedented cold weather event.

1 **B. Legal and Consulting Expenses**

2 **Q. PLEASE DESCRIBE THE LEGAL AND CONSULTING COSTS THAT**
3 **ATMOS ENERGY HAS INCURRED AS A RESULT OF THE FEBRUARY**
4 **2021 WINTER WEATHER EVENT AND ITS DECISION TO**
5 **PARTICIPATE IN THE SECURITIZATION PROCESS.**

6 A. Atmos Energy has utilized the services of Anderson & Byrd LLP to provide legal
7 assistance and advice regarding various issues arising from the February 2021
8 Winter Event. Anderson & Byrd has provided legal advice and support to Atmos
9 Energy in connection with the Act and its decision to participate in the
10 securitization process. For example, Anderson & Byrd has assisted with the
11 preparation of the Company’s Plan, pre-filed testimony, and other evidence
12 included with this filing. Anderson & Byrd will also continue to provide the
13 Company with legal representation throughout the remainder of this proceeding and
14 the issuance of the Financing Order.

15 The Company has engaged J.P. Morgan Securities LLC (“JPMS”) to facilitate the
16 structuring of the Transaction as the Company may reasonably request and to act
17 as sole initial purchaser or placement agent, as applicable, for the Offering.

18 The Company has included an estimate of reimbursement costs for the Kansas
19 Corporation Commission and the Citizens’ Utility Ratepayer Board.

20 **Q. ARE THERE OTHER EXTRAORDINARY COSTS THAT THE COMPANY**
21 **EXPECTS TO INCUR AS A RESULT OF ITS PARTICIPATION IN THIS**
22 **PROCEEDING?**

23 A. Yes. The Company expects that it will incur costs associated with any Commission
24 requirement to provide notice of its Plan to customers and other interested parties,

1 as well as other expenses associated with its participation in this proceeding, such
2 as printing, postage, etc. The Company also expects to be billed for pipeline
3 penalties pending in Docket No. 21-KGSG-332-GIG.

4 **Q. HOW DO THESE EXTRAORDINARY COSTS DIFFER FROM NORMAL**
5 **ONGOING LEGAL AND CONSULTING AND OTHER RELATED**
6 **EXPENSES?**

7 A. None of these costs are part of the Company's ordinary course of business. These
8 costs were and will continue to be incurred solely because of the February 2021
9 Winter Event and Atmos Energy's decision to participate in the securitization
10 process.

11 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER THE**
12 **EXTRAORDINARY EXPENSES THAT HAVE BEEN INCURRED AS A**
13 **RESULT OF THE FEBRUARY 2021 WINTER WEATHER EVENT?**

14 A. The Company requests recovery of its extraordinary legal and consulting expenses,
15 as well as any other expenses that it incurs related to this proceeding through the
16 securitized utility tariff bond financing proceeds.

17 **Q. WERE ALL OF THE COMPANY'S LEGAL, CONSULTING AND**
18 **RELATED PROCEEDING COSTS REASONABLY AND NECESSARILY**
19 **INCURRED?**

20 A. Yes, these costs were reasonably and necessarily incurred in response to the
21 February 2021 Winter Weather Event and the Company's election to participate in
22 the securitization process.

VII. CONCLUSION

1

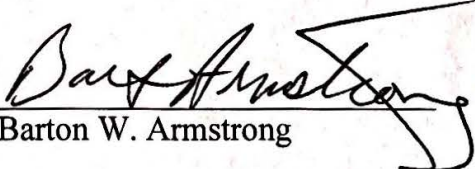
2 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

3 **A. Yes, it does.**

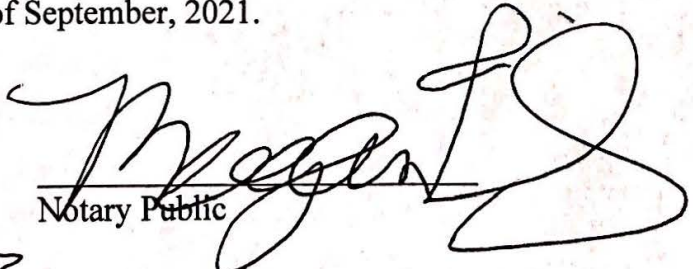
VERIFICATION

STATE OF KANSAS)
)
COUNTY OF JOHNSON)

Barton W. Armstrong, being duly sworn upon his oath, deposes and states that he is President of Atmos Energy Corporation's Colorado-Kansas Division; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.


Barton W. Armstrong

Subscribed and sworn before me this 13 day of September, 2021.


Notary Public

My appointment expires: 09/24/2023

MEAGAN FLEMING
Notary Public-State of Kansas
My Appt. Expires 09/24/2023

Press Releases

February 12, 2021-February 17, 2021

2021 Winter Storms
Customer Communications – Kansas

Leadership of Technical and Operating Services of Atmos Energy Corporation and the Colorado-Kansas Division began preparations for the extreme weather event as soon as the forecast was communicated two weeks before the event. Regular meetings began as early as Friday, Feb. 5 to discuss, and the preparations were executed as planned, implementation of which began primarily on Thursday, Feb. 11.

Friday, Feb. 12

- Press release: [Preparing For Bitterly Cold Temperatures, Atmos Energy Offers These Winter Safety Tips](#) (Exhibit A)
 - *Note: this and all following press releases were sent to Kansas media with exception of those noted as ‘posted to atmosenergy.com.’*
- Social media posts with graphics supported and linked to the press release.
 - Facebook, Instagram, and Twitter

Saturday, Feb. 13

- Press release: [Atmos Energy Offers Tips to Conserve Energy as Bitterly Cold Temperatures Arrive](#) posted to atmosenergy.com
- Social media posts with graphics supported and linked to the press release
 - Facebook, Instagram, and Twitter

Sunday, Feb. 14

- Informational website launched: atmosenergy.com/wintertips
 - *Added sitewide alert for easy access.*
 - *Note: page now offline and redirects to our standard “Weather Safety” page*
- Press release: [Atmos Energy Urges Customers to Reduce Energy Consumption During Historic Winter Storm](#) (Exhibit B)

Monday, Feb. 15

- Calls and/or emails sent urging industrial, commercial, and public authority customers to find ways to conserve energy.
 - Individual calls were made by sales and marketing employees to over 300 customers.
 - Emails were sent to 4,884 non-residential customers. (Exhibit C)
- Social media posts with graphics supported and linked to the website.
 - Facebook, Instagram, and Twitter
- Text messages sent to customers with links to atmosenergy.com/wintertips

Tuesday, Feb. 16

- Press release: [Urgent Need to Conserve Energy During Historic Winter Storm](#) posted to atmosenergy.com
- Social media posts with graphics supported the press release.
 - Facebook, Instagram, and Twitter

Wednesday, Feb. 17

- Press release: [Natural Gas Supply Continues to be Constrained](#) posted to atmosenergy.com.
- Social media posts with graphics supported and linked to the press release.
 - Facebook, Instagram, and Twitter
- “Safety Alert” conservation text message sent to all customers.

Friday, Feb. 19

- Continued communication with large volume customers coming back online as temperatures increased.

Monday, Feb. 22

- Press release: [Atmos Energy Thanks Customers for Energy Conservation Efforts During Historic Winter Storms](#) posted to atmosenergy.com
- Social media posts with graphics supported and linked to the press release.
 - Facebook, Instagram, and Twitter

Tuesday, Feb. 23

- Press release: [Atmos Energy Addresses Customer Bills Following Historic Winter Storms](#) (Exhibit D)
- Informational website: [www.atmosenergy.com/winter storm](http://www.atmosenergy.com/winter-storm)
- Social media posts with graphics supported and linked to the press release & website.
 - Facebook, Instagram, and Twitter

Wednesday, Feb. 24

- Social media posts with graphics supported and linked to the website launched 2/23
 - Facebook, Instagram, and Twitter
- Text messages sent to customers in Mid-Tex, West Texas, and Kansas for billing questions.
- New IVR message established for all inbound calls to the Customer Service number
- Talking points deployed to Contact Center agents
- Emails begin to the applicable ~ 70K e-bill notifications sent daily.

In progress

- E-bill customers (TX, CO, KS) notified of payment concerns.

EXHIBIT A:**Media Contact:**

Aaron Bishop 913-209-0799
aaron.bishop@atmosenergy.com

Preparing for Bitterly Cold Temperatures, Atmos Energy Offers These Safety Tips

OLATHE, Kan. - Feb. 12, 2021 – Bitterly cold temperatures are settling in for the next several days. Atmos Energy is closely monitoring the weather and staging its employees across the system.

Atmos Energy offers these safety tips:

- **Never use an oven or a gas stovetop to heat your home.**
- **Protect natural gas meters.** Natural gas meters are weather-proof; however, to ensure that the meter keeps working smoothly, remove snow and ice from natural gas meters with a broom or brush. **Never kick or chip snow and ice away with a hard object.**
- **Safely remove snow from vents for dryers and other natural gas equipment.** Blocked vents for dryers and other gas appliances can lead to a dangerous buildup of carbon monoxide gas.
- **Minimize the risk of frozen pipes.** Leave faucets running at a trickle, leave cabinet doors open, and close all doors and windows to keep heat inside.
- **If you think you smell gas, act fast!** Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number, 866.322.8667:
<https://www.atmosenergy.com/safety/recognizing-leak>

Atmos Energy encourages customers needing solutions to keep up with their monthly natural gas expenses to contact Atmos Energy's customer service team at 888.286.6700 or visit the account center at <https://www.atmosenergy.com/accountcenter/logon/login.html>

For more ways to save energy and money, please visit www.atmosenergy.com/energytips.

For additional information about carbon monoxide safety, please visit <https://www.atmosenergy.com/safety/carbon-monoxide-safety>.

About Atmos Energy

Atmos Energy Corporation is the nation's largest fully regulated, natural gas-only distributor of safe, clean, efficient and affordable energy. As part of our vision to be the safest provider of natural gas services, we are modernizing our business and our infrastructure while continuing to invest in safety, innovation, environmental sustainability and our communities. An S&P 500 company headquartered in Dallas, Atmos Energy serves more than 3 million distribution customers in over 1,400 communities across eight states and manages proprietary pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas.

Find us online at <http://www.atmosenergy.com>, [Facebook](#), [Twitter](#), [Instagram](#) and [YouTube](#).

EXHIBIT B:**Media Contact:**

Aaron Bishop 913-209-0799

aaron.bishop@atmosenergy.com

Atmos Energy Urges Kansans to Reduce Energy Consumption During Severe Weather

OLATHE, Kan. - Feb. 14, 2021 – Below freezing temperatures will continue for several days, and Atmos Energy is focused on providing safe and reliable natural gas service to its most critical customers including homes, hospitals, churches, and other human needs organizations. Underscoring the necessity for everyone in the community to conserve energy, Atmos Energy is asking all customers, particularly industrial-sized business customers to take small steps to conserve energy over the next several days.

Take these steps to reduce energy usage now:

- **Businesses and large utility consumers should minimize energy usage** as much as possible.
- **Lower your thermostat to at least 68 degrees.** Consider wearing additional layers of clothing and turning down the thermostat even lower.
- **Refrain from using large appliances** like boilers, washer, dryer, oven, and dishwasher for the next few days. When in use, limit opening the oven door to prevent wasted energy.
- **Lower the water heater temperature to 120 degrees**, because it can account for as much as 25 percent of the energy consumed in your building.
- **Reduce shower time and avoid baths.** Showering accounts for about 40 percent of your building's hot water use.
- **Large consumers of electricity should consider shutting down** or reducing non-essential production processes.
- **Unplug electronic devices and turn off lights that are not in use.** By conserving electricity, you are also helping to conserve natural gas which keeps the power on.

Atmos Energy reminds customers to heed the guidance of local leaders and stay alert to changing weather conditions in their area. Our “all hands-on deck” teams are working to provide safe and reliable service, and we appreciate your patience during this historic weather event. In addition to reduced energy usage, please remember these ways to stay safe at home:

- **Never use an oven or a gas stovetop to heat your home.**
- **Protect natural gas meters.** Natural gas meters are weather-proof; however, to ensure that the meter keeps working smoothly, remove snow and ice from natural gas meters with a broom or brush. **Never kick or chip snow and ice away with a hard object.**

- **Minimize the risk of frozen pipes.** Leave faucets running at a trickle, leave cabinet doors open, and close all doors and windows to keep heat inside.
- **If you think you smell gas, act fast!** Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number at 866.322.8667.

Atmos Energy encourages customers needing solutions to keep up with their monthly natural gas expenses to contact Atmos Energy's customer service team at 888.286.6700 or visit the account center at <https://www.atmosenergy.com/accountcenter/logon/login.html>

For additional information, please visit our website at <https://www.atmosenergy.com/safety/weathersafety>

About Atmos Energy

Atmos Energy Corporation is the nation's largest fully regulated, natural gas-only distributor of safe, clean, efficient and affordable energy. As part of our vision to be the safest provider of natural gas services, we are modernizing our business and our infrastructure while continuing to invest in safety, innovation, environmental sustainability and our communities. An S&P 500 company headquartered in Dallas, Atmos Energy serves more than 3 million distribution customers in over 1,400 communities across eight states and manages proprietary pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas.

Find us online at <http://www.atmosenergy.com>, [Facebook](#), [Twitter](#), [Instagram](#) and [YouTube](#).

EXHIBIT C:

Dear Atmos Energy Customer -

Below freezing temperatures will continue for several days, and Atmos Energy is focused on providing safe and reliable natural gas service to its most critical customers including homes, hospitals, churches, and other human needs organizations.

We are asking all customers, particularly **industrial-sized business customers** to take small steps to conserve energy over the next several days.

Take these steps to reduce energy usage now:

- **Businesses and large utility consumers should minimize energy usage** as much as possible.
- **Lower your thermostat to at least 68 degrees.** Consider wearing additional layers of clothing and turning down the thermostat even lower.
- **Refrain from using large appliances** like a boiler, washer, dryer, oven, and dishwasher for the next few days.
- **Lower the water heater temperature to 120 degrees**, because it can account for as much as 25 percent of the energy consumed in your building.
- **Reduce shower time and avoid baths.** Showering accounts for about 40 percent of your building's hot water use.
- **Large consumers of electricity should consider shutting down** or reducing non-essential production processes.
- **Unplug electronic devices and turn off lights that are not in use.** By conserving electricity, you are also helping to conserve natural gas which keeps the power on.

Atmos Energy reminds customers to heed the guidance of local leaders and stay alert to changing weather conditions in their area. Our “all hands-on deck” teams are working to provide safe and reliable service, and we appreciate your patience during this historic weather event.

For additional information, please visit our website at <https://www.atmosenergy.com/safety/weather-safety>



Weather Safety |

Atmos Energy

Remove Snow Buildup from Gas Meters, Pipes, and Vents. Snow and ice buildup can damage gas meters and pipes and make them difficult to reach in an emergency. Blocked vents for dryers and other gas appliances can lead to a dangerous buildup of carbon monoxide gas. To help keep your home and family safe during snowy or icy weather:
www.atmosenergy.com

For more immediate information please contact:

Tony Benedict: Tony.Benedict@atmosenergy.com

Bruce Palmer: Bruce.Palmer@atmosenergy.com

EXHIBIT D:**Media Contact:**

Aaron Bishop 913-209-0799

aaron.bishop@atmosenergy.com

Atmos Energy Addresses Customer Bills Following Historic Winter Storms

OLATHE, Kansas - Feb. 23, 2021 – Atmos Energy understands customer concerns that the recent extreme weather may affect their natural gas bills, so we want to assure customers that bills in the near-term will not include any of the unusually high gas prices from the historic winter storms.

Atmos Energy does not set the market pricing for natural gas. There is no profit added to the gas cost. We have been and will continue working with regulators to find solutions that will minimize the impact on monthly bills. Until those solutions are identified, the gas cost portion of a customer's bill will reflect normal, seasonal gas prices.

February and March bills may still be higher than recent months based on the amount of gas used during the bitterly cold weather.

Atmos Energy offers installment plans that spread out payments of the total balance over time with no added charges or fees. To set up an installment plan, visit www.atmosenergy.com, log in to the Atmos Energy Account Center and select the Payment Assistance tab, or call the Atmos Energy customer service team at 888.286.6700 Monday through Friday between 7 a.m. and 6 p.m. central time.

Federal assistance funds are also available through the Low Income Home Energy Assistance Program (LIHEAP), in addition to Atmos Energy's Sharing the Warmth funds. *Sharing the Warmth* is a program that leverages the generosity of customer donations with additional contributions by Atmos Energy to amplify the amount of assistance offered. Atmos Energy then partners with local agencies to offer program funds to eligible customers.

Financial assistance is available on a first come, first served basis to eligible residential customers through a local energy assistance agency. To locate an agency, visit atmosenergy.com/assistance or call 211. Customers needing solutions to keep up with their monthly natural gas expenses are encouraged to contact Atmos Energy's customer service team at 888.286.6700 or visit the account center at <https://www.atmosenergy.com/accountcenter/logon/login.html>.

About Atmos Energy

Atmos Energy Corporation is the nation's largest fully regulated, natural gas-only distributor of safe, clean, efficient and affordable energy. As part of our vision to be the safest provider of natural gas services, we are modernizing our business and our infrastructure while continuing to invest in safety, innovation, environmental sustainability and our communities. An S&P 500 company headquartered in Dallas, Atmos Energy serves more than 3 million distribution customers in over 1,400 communities across eight states and manages proprietary pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas.

Find us online at <http://www.atmosenergy.com>, [Facebook](#), [Twitter](#), [Instagram](#) and [YouTube](#).

Social Media Posts and Messaging
February 12, 2021-February 17, 2021

February 12, 2021

Messaging:

Cold weather is here! Use these tips to stay safe and warm over the next few days. As always, if you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and our 24/7 emergency number: 866.322.8667

Graphic:



Winter Weather Safety Advisory

- Never use an oven or a gas stovetop to heat your home.
- Protect natural gas meters. Natural gas meters are weather-proof; however, to ensure that the meter keeps working smoothly, remove snow and ice from natural gas meters with a broom or brush. Never kick or chip snow and ice away with a hard object.
- Safely remove snow from vents for dryers and other natural gas equipment. Blocked vents for dryers and other gas appliances can lead to a dangerous buildup of carbon monoxide gas.
- Minimize the risk of frozen pipes. Leave faucets running at a trickle, leave cabinet doors open, and close all doors and windows to keep heat inside.

If you think you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number: 866.322.8667.

atmosenergy.com/wintersafety

February 13, 2021

Messaging:

Below freezing temperatures are here. Please stay alert of changing weather conditions in your area. Stay safe, warm, and protect yourself and your home with these energy saving tips

Graphic:



Conserve Energy During Cold Temperatures

- Every degree makes a difference. Save energy and money by lowering your thermostat to at least 68 degrees.
- Don't forget the water heater. Lower the maximum temperature to 120 degrees, because your water heater can account for as much as 25 percent of the energy consumed in your home.
- Harness the power of the sun. Open curtains on your south-facing windows during the day to allow sunlight to naturally heat your home, and close them at night to reduce the chill from cold windows.
- Keep your fireplace damper closed unless a fire is burning. Leaving the damper open is like keeping a window wide open – warm air goes right up the chimney!
- Change furnace filters once a month during winter. Dirty air filters can lead to dust, dirt, and grime buildup on the heating components, causing the furnace to use more energy and increasing the risk of a malfunction.

If you think you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number: 866.322.8667.

atmosenergy.com/wintersafety

February 15, 2021

Messaging:

Due to the extreme temperatures and high energy consumption, Atmos Energy needs your help to reduce energy use during this historic winter storm. We can all help by taking small steps to support our community. www.atmosenergy.com/wintertips

Graphic:






ENERGY SAVING TIPS

**IT'S TIME TO
REDUCE YOUR
ENERGY USE.**

atmosenergy.com/wintersafety

If you think you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number: 866.322.8667.





ENERGY SAVING TIPS

**IT'S TIME TO REDUCE YOUR
ENERGY USE.**

atmosenergy.com/wintersafety

Eight ways you can reduce your energy usage right now:

1. Lower your thermostat to at least 68 degrees.
2. Businesses should minimize energy usage as much as possible.
3. Lower the water heater temperature to 120 degrees.
4. Unplug electronic devices and turn off lights that are not in use.
5. Reduce shower time and avoid baths.
6. Refrain from using large appliances like your washer, dryer, oven, and dishwasher for the next few days.
7. Keep your fireplace damper closed unless a fire is burning.
8. If you have a pool, do not use the pool heater. Instead, run your pool pump during the coldest part of the day to circulate the water and prevent freezing.

If you think you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number: 866.322.8667.


February 16, 2021

Messaging:

Demand for natural gas continues to be at unprecedented levels. We appreciate your conservation efforts during this historic winter storm, which will continue with record low temperatures & additional snowfall overnight. Please continue to conserve energy

Graphic:



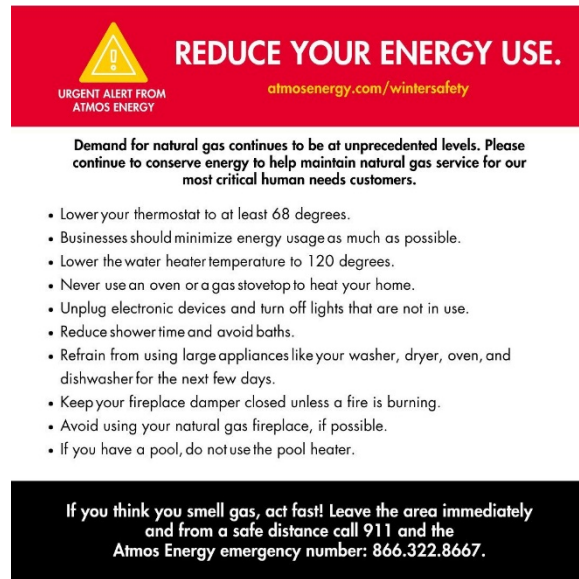



URGENT ALERT FROM ATMOS ENERGY

**REDUCE YOUR
ENERGY USE.**

atmosenergy.com/wintersafety

If you think you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number: 866.322.8667.





URGENT ALERT FROM
ATMOS ENERGY

REDUCE YOUR ENERGY USE.

atmosenergy.com/wintersafety

Demand for natural gas continues to be at unprecedented levels. Please continue to conserve energy to help maintain natural gas service for our most critical human needs customers.

- Lower your thermostat to at least 68 degrees.
- Businesses should minimize energy usage as much as possible.
- Lower the water heater temperature to 120 degrees.
- Never use an oven or a gas stovetop to heat your home.
- Unplug electronic devices and turn off lights that are not in use.
- Reduce shower time and avoid baths.
- Refrain from using large appliances like your washer, dryer, oven, and dishwasher for the next few days.
- Keep your fireplace damper closed unless a fire is burning.
- Avoid using your natural gas fireplace, if possible.
- If you have a pool, do not use the pool heater.

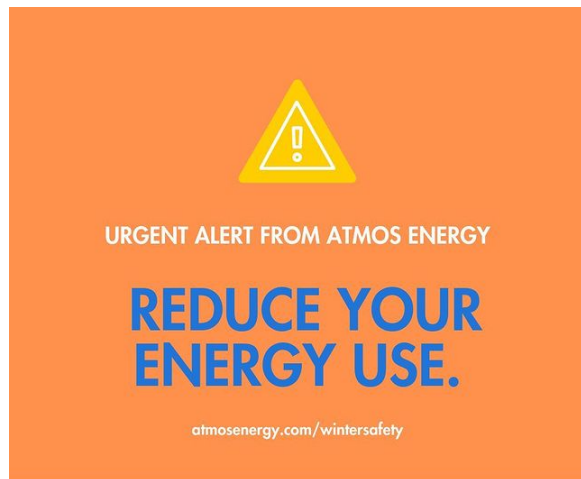
If you think you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number: 866.322.8667.

February 17, 2021

Messaging:

As demand for energy remains at unprecedented levels due to historically cold temperatures, suppliers continue to experience challenges with supply and delivery that limit the amount of natural gas Atmos Energy can deliver to its customers. [READ MORE](https://www.atmosenergy.com/news) at [Atmosenergy.com/news](https://www.atmosenergy.com/news)

Graphic:



If you think you smell gas, act fast! Leave the area immediately and from a safe distance call 911 and the Atmos Energy emergency number: 866.322.8667.

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Susan K. Duffy

In the Matter of Record Natural Gas Prices and)
Potential System Reliability Issues from) Docket No. 21-GIMX-303-MIS
Unprecedented and Sustained Cold Weather.)

EMERGENCY ORDER

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:

1. On February 14, 2021, Governor Kelly issued an State of Disaster Emergency due to wind chill warnings and stress on utility and natural gas providers, noting that the current sub-zero temperatures are causing increased energy demand and natural gas supply constraints throughout Kansas, and utilities are currently experiencing wholesale natural gas price increase from 10 to 100 times higher than normal (the “2021 Winter Weather Event”). Those costs will eventually flow through to consumers through increases in monthly natural gas and electric bills. Additionally, Kansas utilities are facing potential reliability issues related to the prolonged arctic temperatures. Therefore, under these circumstances, the Commission, pursuant to K.S.A. 77-536(a), will exercise its powers to protect the public from immediate danger to health, safety, and welfare.

2. In the public interest, the Commission has jurisdiction to regulate and oversee certain facets of service provided by natural gas public utilities and electric utilities operating in

the State, and is empowered to do certain things necessary and convenient to exercise its authority.¹

3. K.S.A. 77-536(a) provides State agencies with the authority to act when there is “an immediate danger to the public health, safety or welfare requiring immediate state agency action.” Pursuant to K.S.A. 77-536(a), the Commission directs all jurisdictional natural gas and electric utilities to coordinate efforts and take all reasonably feasible, lawful, and appropriate actions to ensure adequate transportation of natural gas and electricity to interconnected, non-jurisdictional Kansas utilities. Jurisdictional natural gas and electric utilities are ordered to do everything necessary to ensure natural gas and electricity service continues to be provided to their customers in Kansas.

4. The Commission authorizes every jurisdictional electric and natural gas distribution utility that incurs extraordinary costs associated with ensuring that their customers or the customers of interconnected Kansas utilities that are non-jurisdictional to the Commission continue to receive utility service during this unprecedented cold weather event to defer those costs to a regulatory asset account. Such costs include but are not limited to the cost of procuring and transporting natural gas supplies for jurisdictional utility customers, costs associated with jurisdictional utilities coordinating and assisting non-jurisdictional utilities with the transportation of gas supplies², and any other reasonable costs necessary to ensure stability and reliability of natural gas and electricity service. These deferred costs may also include carrying costs at the utility’s weighted average cost of capital. All deferred costs shall be segregated by detailed cost category and shall contain enough detail for the Commission to perform a subsequent review for prudence and reasonableness. This deferral is for accounting

¹ K.S.A. 66-1,201; K.S.A. 66-101.

² Nothing in this section is intended to require a jurisdictional utility to procure natural gas supplies for non-jurisdictional utilities.

purposes only. Any decisions related to ratepayer recovery will be addressed in future proceedings.

5. Each utility bears the burden of proof that the costs described in paragraph 4: (1) would not have been incurred but for the 2021 Winter Weather Event, and (2) are just, reasonable, and necessary to provide utility services during this extraordinary event. Once this 2021 Winter Weather Event is over, and after all costs have been accumulated and recorded, each jurisdictional utility is directed to file a compliance report in this Docket detailing the extent of such costs incurred, and present a plan to minimize the financial impacts of this event on ratepayers over a reasonable time frame.

THEREFORE, THE COMMISSION ORDERS:

A. All jurisdictional natural gas and electric utilities are directed to coordinate efforts and take all reasonably feasible, lawful, and appropriate actions to ensure adequate delivery of natural gas and electricity to interconnected, non-jurisdictional utilities in Kansas.

B. Jurisdictional natural gas and electric utilities are ordered to do all things possible and necessary to ensure natural gas and electricity utility services continue to be provided to their customers in the State.

C. Every electric and natural gas distribution utility that incurs extraordinary costs associated with ensuring its customers or the customers of interconnected Kansas utilities that are non-jurisdictional to the Commission continue to receive utility service during this unprecedented cold weather event is authorized to defer those costs to a regulatory asset account.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 02/15/2021



Lynn M. Retz
Executive Director

BGF

CERTIFICATE OF SERVICE

21-GIMX-303-MIS

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 02/15/2021.

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/S/ DeeAnn Shupe

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