

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Investigation into Atmos)
Energy Corporation Regarding the February)
2021 Winter Weather Events, as Contemplated) Docket No. 21-ATMG-333-GIG
by Docket No. 21-GIMX-303-MIS)

**PLAN TO MINIMIZE THE FINANCIAL EFFECTS
OF THE 2021 WINTER WEATHER EVENT**

Pursuant to the Commission's order initiating this Docket on March 9, 2021 ("Order"), Atmos Energy Corporation ("Atmos Energy" or "Company") submits its Plan to Minimize the Financial Effects of the Cold Weather Event ("Plan").¹ Under the Plan, Atmos Energy would apply with the Kansas Corporation Commission ("Commission") for a Financing Order in a separate docket pursuant to the applicable provisions contained in the Utility Financing and Securitization Act passed by the Kansas Legislature in 2021 ("Act").² The Financing Order would authorize the issuance of Securitized Utility Tariff Bonds to finance the Qualified Extraordinary Costs (as defined by the Act) incurred by Atmos Energy as a result of the 2021 winter weather event ("Winter Event") in order to minimize the financial impact on the Company and its customers.

The other main elements of the Plan include the: (1) identification and quantification of the Qualified Extraordinary Costs to be financed under the Plan; (2) range of time periods to be used to collect the Qualified Extraordinary Costs from customers under a Securitized Utility Tariff Charge that would be the same as the term of the Securitized Utility Tariff Bonds; (3) method of allocating

¹Order Adopting Staff's R&R to Open Company-Specific Investigations; Order on Petitions to Intervene; Protective Order and Discovery Order issued March 9, 2021, Docket No. 21-ATMG-333-GIG ("Order").

²Kansas Utility Financing and Securitization Act, Senate Substitution for House Bill No. 2072, published in Kansas Register April 22, 2021, sos.ks.gov/publications/register/volume-40/issue%2016/04-22-21-49065.html. Capitalized terms contained in this filing have the meanings set forth in new Section 1(b) of the Act.

the Qualified Extraordinary Costs among customer classes and the use of a fixed monthly Securitized Utility Tariff Charge to recover the Qualified Extraordinary Costs from customers; and (4) future rate-making process to reconcile any differences between the Securitized Utility Tariff Costs financed by the Securitized Utility Tariff Bonds and the final Securitized Utility Tariff Costs incurred by Atmos Energy relating to the Winter Event.

The reconciliation process would include, but is not limited to, Atmos Energy crediting customers for the net penalty amounts recovered by Atmos Energy after the Securitized Utility Tariff Bonds have been issued and any subsequent federal or state governmental relief in the form of profit disgorgement, civil suit relief, market manipulation findings, etc., recovered by Atmos Energy after the Securitized Utility Tariff Bonds have been issued. Atmos Energy does not have disputed purchased gas costs invoices relating to February gas purchases in Kansas.

The Plan, and in particular, the request for approval by the Commission to allow Atmos Energy to file for a Financing Order under the Act in a separate docket to use Securitized Utility Tariff Bonds to finance the Qualified Extraordinary Costs, will reduce the financial burden to customers when compared to the costs that would result from the application of the traditional method of cost financing and recovering those costs. However, should the Commission elect not to approve the Plan as submitted by Atmos Energy, then as an alternative, the Company would request recovery of its extraordinary gas costs and other costs related to the Winter Event, including carrying costs based upon the Company's weighted cost of capital, over 3 years through a Winter Event Rider ("Alternative Plan").

To the extent that Atmos Energy would need a waiver of any of its existing tariffs in order to implement its Plan or the Alternative Plan, including waivers of its Purchased Gas Adjustment (PGA)

in Schedule V of its Tariff ("PGA"), the Company requests approval of said waivers.

In support of its Plan and Application, Atmos Energy states as follows:

I. INTRODUCTION

1. Atmos Energy is a corporation with its principal place of business in Kansas located at 25090 W. 110th Terrace, Olathe, Kansas 66061. Atmos Energy is duly authorized to transact business in the State of Kansas, holds appropriate certificates from the 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 the Commission. Atmos Energy serves approximately 135,000 customers in Kansas. The Company's communities span from northeast Kansas, including Olathe and Kansas City, Kansas, to southwest Kansas, including Johnson City, Ulysses, and Syracuse. Atmos Energy also serves the southeast communities of Independence and Coffeyville. In the central part of Kansas, the Company provides service to the communities of Anthony and Caldwell, as well as Ness City, Herington, and many others.³ Atmos Energy also serves customers in Colorado, Kentucky, Louisiana, Mississippi, Tennessee, Texas, and Virginia.

2. The names, addresses and phone numbers of the persons authorized to receive notices and communications with respect to this Application on behalf of Atmos Energy are as follows:

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³See Direct Testimony of Mr. Barton Armstrong, Exhibit BWA-1.

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II. PLAN TO MINIMIZE FINANCIAL EFFECTS OF COLD WEATHER EVENT

3. As explained in the Direct Testimony of Jason Schneider, during and as a result of the Winter Event Atmos Energy incurred approximately \$88 million in extraordinary gas costs ("Extraordinary Gas Costs"). As explained in the Direct Testimony of Kenny Malter, the Extraordinary Gas Costs were prudently incurred during an unprecedented market disruption event. Pursuant to the Commission's Emergency Order in Docket No. 21-GIMX-303-MIS, the Extraordinary Gas Costs have been deferred to a regulatory asset account with carrying costs at Atmos Energy's weighted average cost of capital ("WACC") and remain unrecovered. At this point Atmos Energy has not been billed for any pipeline penalties, though certain charges are pending in Docket No. 21-KGSG-332-GIG that the Company anticipates it will be billed for. If Atmos Energy is billed for penalties related to the Winter Event in the future, these penalties, net of those passed on to transportation customers and recovered pursuant to our tariff, will be added to the total and recovered pursuant to the Plan.

4. Atmos Energy recovers its cost of purchased gas from its customers with no mark-up through its PGA. Under the PGA, changes in gas costs are typically filed on an annual basis, with monthly adjustments to the current component made throughout the year. The cost of gas billed to customers also includes an annual actual cost adjustment ("ACA") factor, which includes any over or under recovered gas costs.

5. If the Extraordinary Gas Costs including carrying costs, of approximately \$94.1 million were to be recovered as part of the ACA it would result in an average monthly bill increase of \$47.70, or 85%, for an average residential customer using 70.98 ccf per month.

6. In order to reduce the financial impact on customers, Atmos Energy requests the Commission's approval to recover its Extraordinary Gas Costs through a securitized bond issuance with a period of up to 15 years. A bond issuance with a period of 10 years would result in an average monthly bill increase of \$5.56, or 10%, for an average residential customer using 70.98 ccf per month. Charges for recovery of the Qualified Extraordinary Costs would appear as a separate line item on customer bills.

7. If the Commission chooses not to approve the Plan, the Company asks that it be allowed to recover its extraordinary gas costs and other costs related to the Winter Event, including carrying costs based upon the Company's weighted cost of capital, over 3 years through a Winter Event Rider. This would result in an average monthly bill increase of \$18.06, or 32%, for an average residential customer using 70.98 ccf per month. The estimated customer impacts of the Plan and the Alternative Plan are described in more detail in the Direct Testimony of Kathleen Ocanas.

III. SUPPORTING ELEMENTS OF PLAN

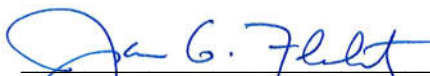
8. The Direct Testimony of Jason Schneider describes securitization, the costs associated with securitization, and the manner in which a later reconciliation of actual costs incurred to those that are included in the securitized financing mechanism will occur. The Direct Testimony of Kenny Malter addresses Gas Supply decisions related to the Winter Event and what steps Atmos Energy is taking for the upcoming winter in order to mitigate the cost of gas in the event that what occurred in February 2021 were to occur again. The Direct Testimony of Kathleen Ocanas calculates estimated

customer bill impacts under both the Plan and the Alternative Plan, as well as how the Qualified Extraordinary Costs would be recovered from Atmos Energy's customers. The Direct Testimony of Bart Armstrong describes the operation of the Company's systems during the Winter Event and the Direct Testimony of Rob Leivo describes the manner in which the Company interrupted and curtailed customers to ensure continued service for higher-priority customers, as well as what steps the Company has taken subsequent to the Winter Event to improve this process.

IV. CONCLUSION

WHEREFORE, for the reasons set forth herein, Atmos Energy respectfully asks that the Commission issue an order approving its Plan to Minimize Financial effects of the Winter Event and request for limited waiver of its tariff as explained above.

Respectfully submitted,



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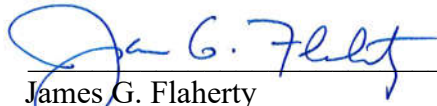
Attorneys for Atmos Energy Corporation

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 Plan to Minimize the Financial Effects of the 2021 Winter Weather Event 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 14th day of September, 2021.





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 14th day of September, 2021, addressed to:

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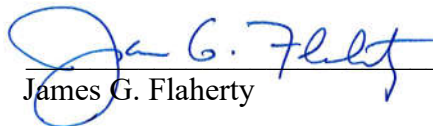
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