

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

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)

**RESPONSE OF CITIZENS' UTILITY RATEPAYER BOARD TO
STAFF REPORT & RECOMMENDATION**

COMES NOW, the Citizens' Utility Ratepayer Board ("CURB") and submits its response to the Report and Recommendation filed by the Staff of the Kansas Corporation Commission ("Staff") in the above-captioned docket on September 25, 2020.

I. Background

1. On June 28, 2019, Atmos Energy Corporation (Atmos) filed in this docket an application for an adjustment in its natural gas rates.¹ Atmos included in its application a request for Commission approval of a System Integrity Plan ("SIP") tariff.² The Commission issued an order addressing the issues raised in Atmos's application on February 24, 2020.³ In that order, the Commission did not approve the SIP proposed by Atmos in its June 28, 2019 application.⁴ However, the Commission stated that it would approve the amended SIP that Atmos had proposed in its Reply Brief if it met certain conditions.⁵

2. On June 17, 2020, Atmos filed for approval of an SIP tariff meeting the conditions which were specified in the February 24, 2020 Order on Atmos Energy Corporation's Application

¹ Application. June 28, 2019.

² Application, p. 4. June 28, 2019.

³ Order on Atmos Energy Corporation's Application for a Rate Increase. February 24, 2020.

⁴ Order on Atmos Energy Corporation's Application for a Rate Increase, pp. 11-14. February 24, 2020.

⁵ Ibid.

for a Rate Increase.⁶ The proposed tariff provided that the initial SIP filing by Atmos shall include the following: a five-year general plan of projects intended to be completed under the SIP; overall goals for progress on replacing obsolete pipes, primarily bare steel and cast iron; an estimate of expected capital investment by year for the first five years of the program; and a detailed SIP Project Plan for the first SIP Plan Year.⁷ On June 25, 2020, the Commission approved the SIP tariff.⁸

3. On July 1, 2020, Atmos filed its 2020 SIP providing a list of projects it anticipates it will complete within the first five years of the SIP.⁹ Without detailing the list of projects, it is clear that all of the projects selected for pipe replacement in the five-year SIP are currently operated by Atmos as low-pressure systems.

4. On September 25, 2020, Staff filed its Report and Recommendation (“R&R”), wherein it recommended that the Commission approve the Year One SIP investment.¹⁰ However, Staff recommend that the Commission approve Atmos’s SIP investment for years two through five conditioned upon the approved projects maintaining or increasing their relative risk ranking, due to the potential that projects selected for these years may change upon reevaluation under Atmos’s risk-ranking program.

⁶ Compliance Filing: System Integrity Plan Tariff. June 17, 2020.

⁷ Ibid.

⁸ Order Approving Atmos’s Weatherization Normalization Adjustment Tariff and Granting System Integrity Plan Tariff. June 25, 2020.

⁹ Atmos Energy Corporation’s 2020n System Integrity Program Plan. July 1, 2020.

¹⁰ Notice of Filing Staff’s Report and Recommendation. September 25, 2020.

II. CURB'S RESPONSE

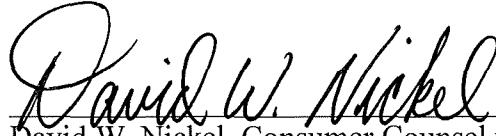
5. CURB was given an opportunity to discuss the SIP with KCC staff which proved to be very helpful in CURB's analysis. Upon review of the application, CURB agrees with the R&R and recommends that the Commission approve the SIP as recommended by KCC staff. CURB's reasoning is set out below.

6. CURB acknowledges that in SIP Year One (2021), Atmos's SIP projects are focused on replacing bare steel piping associated with low pressure distribution systems. CURB finds this to be acceptable within the SIP parameters. Project priority ranking is based on a risk rating derived from the likelihood of leakage along with the safety consequences of failure. In determining the consequences of failure, Atmos's subject matter experts consider factors such as critical facilities that would be affected (e.g., hospitals, schools) and population density, among other factors. CURB finds Atmos's risk ranking methodology to be logical. Furthermore, CURB does not contest Staff's conclusion that the estimated SIP replacement costs appear to be reasonable.

7. Because the project selection for years two through five (2022-2025) may change as each project's ranking is re-evaluated under the Atmos SIP risk ranking program, Staff recommends the Commission approve Atmos SIP Plan for Year One and tentatively approve the SIP investment for years two through five conditioned upon the approved projects maintaining or increasing their relative risk ranking. CURB agrees with Staff's recommendation, as Atmos's SIP Plan will be reevaluated by Staff and intervenors when Atmos files its next SIP Annual Plan Filing (due August 1, 2021).

WHEREFORE, CURB respectfully requests the Commission adopt Staff's Report and Recommendation and provide for such other relief as the Commission deems just and proper.

Respectfully submitted,



David W. Nickel, Consumer Counsel #11170

Todd E. Love, Attorney #13445

Joseph R. Astrab, Attorney #26414

Citizens' Utility Ratepayer Board

1500 SW Arrowhead Road

Topeka, KS 66604

(785) 271-3200

d.nickel@curb.kansas.gov

t.love@curb.kansas.gov

j.astrab@curb.kansas.gov

VERIFICATION

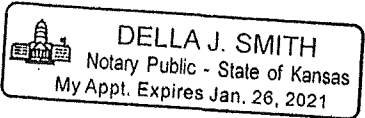
STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss:

I, David W. Nickel, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.

David W. Nickel

David W. Nickel

SUBSCRIBED AND SWORN to before me this 5th day of October 2020.



Della J. Smith

Notary Public

My Commission expires: January 26, 2021

CERTIFICATE OF SERVICE

19-ATMG-525-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 5th day of October, 2020, to the following:

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

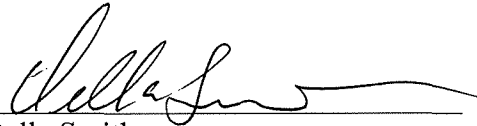
SHELLY M. BASS, SENIOR ATTORNEY
ATMOS ENERGY CORPORATION
5430 LBJ FREEWAY
1800 THREE LINCOLN CENTRE
DALLAS, TX 75240
shelly.bass@atmosenergy.com

JARED GEIGER, SR RATE ANALYST
ATMOS ENERGY CORPORATION
1555 BLAKE ST STE 400
DENVER, CO 80202
Jared.Geiger@atmosenergy.com

COLE BAILEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
c.bailey@kcc.ks.gov

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

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



Della Smith
Senior Administrative Specialist