

**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 )**

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**DIRECT TESTIMONY OF**

**KATHLEEN R. OCANAS**

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**SEPTEMBER 14, 2021**

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## **LIST OF EXHIBITS**

Exhibit KRO-1 – Gas Cost Recovery Schedules

1                                   **DIRECT TESTIMONY OF KATHLEEN R. OCANAS**

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 Kathleen R. Ocanas, and my business address is 25090 W. 110th  
6           Terrace, Olathe, Kansas 66061. I am the Vice President of Rates & Regulatory  
7           Affairs for the Colorado/Kansas Division of Atmos Energy Corporation<sup>1</sup> (“Atmos  
8           Energy” or the “Company”).

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

11 A.     I received my Bachelor of Science degree from Wayland Baptist University in  
12          2008. I was hired by Atmos Energy’s West Texas Division in 2008 within the  
13          Finance department and shortly thereafter was promoted to a Rate Analyst in the  
14          Rates and Regulatory Affairs department. In 2015, I received a Master of Business  
15          Administration degree, minoring in Accounting from the University of Texas A&M  
16          – Commerce and relocated to the Company’s Mid-Tex Division as a Sr. Rates  
17          Analyst. In 2018, I was promoted to a Rates & Regulatory Project Manager. There,  
18          I coordinated, organized, and implemented various rate case activity, maintained

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<sup>1</sup> 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 relationships with key stakeholders, and supported the public affairs and  
2 governmental affairs teams. In July of 2021, I assumed my current role as the  
3 Colorado-Kansas Division Vice President of Rates and Regulatory Affairs. I am  
4 responsible for leading and directing the rates and regulatory activity in the Atmos  
5 Energy's Colorado-Kansas Division. This responsibility includes executing and  
6 managing the rate strategy for both states.

## 7 **II. PURPOSE OF TESTIMONY**

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

9 A. The purpose of my testimony is to calculate and show the impact of recovering the  
10 extraordinary gas costs incurred to serve customers during the February 2021  
11 Winter Weather Event ("Winter Event"). My testimony supports Atmos Energy's  
12 proposal to recover the qualified extraordinary costs through securitization  
13 financing in order to mitigate the impact of the extraordinary gas costs on its  
14 customers ("Plan"). Mr. Schneider provides background information about  
15 securitization in his testimony. My testimony addresses (1) the collection of  
16 qualified extraordinary costs from customers under a Securitized Utility Tariff  
17 Charge that would be the same as the term of the Securitized Utility Tariff Bonds;  
18 (2) method of allocating the qualified extraordinary costs among customer classes  
19 and the use of a fixed monthly Securitized Utility Tariff Charge to be recovered  
20 from customers; (3) future rate-making process to reconcile any differences  
21 between the Securitized Utility Tariff Costs financed by the Securitized Utility  
22 Tariff Bonds and the final Securitized Utility Tariff Costs incurred by Atmos  
23 Energy relating to the Winter Event; and (4) an alternative recovery plan should  
24 the Commission choose not to approve the Company's Plan. My testimony also

1 sets out a general plan for providing information to Atmos Energy customers  
2 concerning the benefits of securitization. The capitalized terms contained in my  
3 testimony have the meanings set forth in new Section 1(b) of the Kansas Utility  
4 Financing and Securitization Act, Senate Substitution for House Bill No. 2072  
5 published in the Kansas Register April 22, 2021 (“Act”).

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

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

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

11 A. Yes.

12 **III. COST RECOVERY**

13 **Q. WHAT IS THE ESTIMATED AMOUNT OF EXTRAORDIANCY COSTS**  
14 **TO BE SECURITIZED?**

15 A. As of June 30, 2021, Atmos Energy estimates that the amount of extraordinary costs  
16 to be securitized is approximately, \$109,809,921 million. If the Commission  
17 approves Atmos Energy’s proposed Plan, then when Atmos Energy applies for a  
18 Financing Order in a separate docket, this amount will be updated to reflect any  
19 additional costs incurred and an estimate of cost to be incurred until bonds are  
20 issued and proceeds are received. The following table summarizes the costs by  
21 category.

1

**Table 1**

Description		Securitization 10 Year Period
Extraordinary Gas Costs	\$	76,652,625
KGS Penalties		11,227,997
Total Extraordinary Gas Costs Deferred		87,880,622
Carrying cost from March 2021 - docket completion [1]		9,474,861
Docket Costs, including customer education	\$	820,000
<b>Total Extraordinary Gas Costs Deferred</b>	<b>\$</b>	<b>98,175,482</b>
Interest Cost for billing term		10,334,440
Securitization Issuance Costs		1,300,000
<b>Total Billed to Customers</b>	<b>\$</b>	<b>109,809,921</b>
Notes:		
[1] 3 Year WACC begins assumes a March 1, 2022 start for billing; Securitization assumes a September 1, 2022 billing		

2

3 **Q. HOW IS ATMOS ENERGY PROPOSING TO ALLOCATE THE**  
4 **EXTRAORDINARY COSTS TO CUSTOMER CLASSES?**

5 A. The Company proposes to use estimated February 2021 volumes to allocate to  
6 customer classes based on each customer class's percentage of total sales volumes.  
7 An allocation based on usage ensures that the costs caused by a class of customers  
8 will be paid for by that customer class. Due to cycle billing, the Company used  
9 billing data from mid-month of February 2021 through mid-month of March 2021  
10 to arrive at an estimated February volume to calculate the allocation. This  
11 allocation will be utilized until all extraordinary costs are recovered.

12 **Q. WHAT PERCENTAGE OF THE EXTRAORDINARY COST WILL BE**  
13 **ALLOCATED TO EACH CLASS UNDER THIS METHODOLOGY?**

14 A. Please see the following table for the allocation percentage by customer class.

**Table 2**

	<b><u>Estimated February Volume (Ccf)</u></b>	<b><u>Allocation %</u></b>
<b>Residential Sales Service</b>	23,505,675	75.015%
<b>Commercial/Public Authority</b>	7,572,483	24.167%
<b>School Sales Service</b>	82,668	0.264%
<b>Industrial Sales Service</b>	50,073	0.160%
<b>Small Generator</b>	31	0.000%
<b>Irrigation Engine</b>	123,509	0.394%
<b>Total</b>	31,334,439	100%

**Q. HOW DOES ATMOS ENERGY PROPOSE TO RECOVER ITS EXTRAORDINARY COST?**

A. The Company is proposing to use Securitized Utility Tariff Bonds to finance the extraordinary costs to which a fixed monthly Securitized Utility Tariff Charge will be applied to customer bills for recovery of the extraordinary costs. Further, Atmos Energy proposes that the fixed charge be calculated using the customer counts approved in Docket No. 18-ATMG-525-RTS. The customer count will be updated on an annual basis as the fixed monthly charge and true-ups are calculated.

**Q. IF THE COMMISSION APPROVES A FINANCING ORDER, OVER WHAT PERIOD IS ATMOS ENERGY REQUESTING TO RECOVER ITS EXTRAORDINARY COSTS?**

A. As explained in Mr. Schneider's testimony, utilizing the securitization process is the most cost effective and affordable method of recovering these costs from customers. The Company proposes to recover its extraordinary costs over a 10-year period. The Company has also calculated the recovery over a 15-year period.

1 Atmos Energy is requesting that the Commission provide Atmos Energy the  
2 flexibility to negotiate up to a 15- year term on the bonds.

3 **Q. WHAT IS THE ESTIMATED FIXED AMOUNT TO CUSTOMERS THAT**  
4 **WILL RESULT FROM THE ISSUANCE OF SECURITIZED UTILTY**  
5 **TARIFF BONDS ASSOCIATED WITH A 10-YEAR RECOVERY PERIOD?**

6 A. The table below summarizes the estimated monthly cost associated with the  
7 securitization process and results in the follow fixed rate by customer class.

8 **Table 3**

**Securitization – 10 Year Customer Impact**

<b><u>Customer Class</u></b>	<b><u>Monthly Fixed Charge</u></b>	<b><u>% Total Bill Increase</u></b>
Residential Sales Service	\$5.56	10%
Commercial/Public Authority	\$22.82	11%
School Sales Service	\$54.86	16%
Industrial Sales Service	\$101.04	7%
Small Generator	\$0.01	0.03%
Irrigation Engine	\$18.47	1%

**Securitization – 15 Year Customer Impact**

<b><u>Customer Class</u></b>	<b><u>Monthly Fixed Charge</u></b>	<b><u>% Total Bill Increase</u></b>
Residential Sales Service	\$4.00	7%
Commercial/Public Authority	\$16.41	8%
School Sales Service	\$39.45	12%
Industrial Sales Service	\$72.66	5%
Small Generator	\$0.01	0.02%
Irrigation Engine	\$13.28	1%

9



1 Q. HAS ATMOS ENERGY EVALUATED OTHER METHODS OF  
2 ALTERNATIVE RECOVERY IF THE COMMISSION DETERMINES  
3 THAT THE SECURITIZATION PROCESS SHOULD NOT BE USED TO  
4 RECOVER EXTRAORDINARY GAS COSTS?

5     A.     Yes. Atmos Energy has also evaluated other methods of recovery, including  
6           recovery through its purchase gas cost (“PGA”) mechanism, a monthly fixed rate,  
7           and recovery periods of one versus three years. I address the customer impacts later  
8           in my testimony.

9     **Q.     WHAT IS THE ESTIMATED MONTHLY COST TO CUSTOMERS IF**  
10       **EXTRAORDINARY GAS COSTS ARE RECOVERED AS AUTHORIZED**  
11       **UNDER THE COMPANY’S PURCHASE GAS COST RECOVERY**  
12       **MECHANISMS?**

13      A.      As shown in the table below, the estimated monthly cost if the Company recovered  
14              its extraordinary costs through the Purchase Gas Cost Recovery mechanism would  
15              be as follows:

**Table 4**

<b><u>Customer Class</u></b>	<b><u>Monthly Bill Impact</u></b>	<b><u>% Total Bill Increase</u></b>
Residential Sales Service	\$47.70	85%
Commercial/Public Authority	\$195.65	96%
School Sales Service	\$470.33	141%
Industrial Sales Service	\$866.23	62%
Small Generator	\$0.10	0.2%
Irrigation Engine	\$158.30	12%

1   **Q.    WHAT IS THE ESTIMATED MONTHLY COST TO CUSTOMERS IF**  
2       **EXTRAORDINARY GAS COSTS ARE RECOVERED BASED UPON THE**  
3       **COMPANY'S WEIGHTED COST OF CAPITAL, OVER THREE YEARS**  
4       **THROUGH A WINTER EVENT RIDER (“ALTERNATIVE PLAN”)?**

5    A.   The estimated monthly cost if the Company recovered its extraordinary costs  
6       amortized over a three-year period and based upon the Company’s weighted cost  
7       of capital is shown in Table 5 below. The Company requests this Alternative Plan  
8       if the Commission determines the securitization process should not be used to  
9       recover these costs from customers.

10

**Table 5**

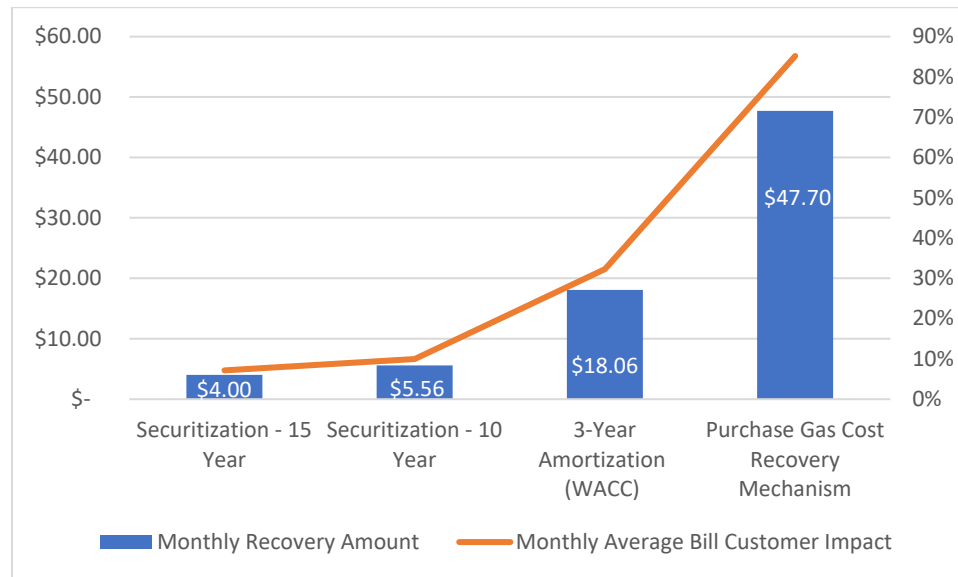
<b>Alternative Plan – 3 Year Amortization (WACC) Customer Impact</b>		
<b>Customer Class</b>	<b>Monthly Fixed Charge</b>	<b>% Total Bill Increase</b>
Residential Sales Service	\$18.06	32%
Commercial/Public Authority	\$74.07	37%
School Sales Service	\$178.06	53%
Industrial Sales Service	\$327.94	23%
Small Generator	\$0.04	0.09%
Irrigation Engine	\$59.93	5%

11

12   **Q.    CAN YOU ILLUSTRATE THE PROJECTED IMPACT TO CUSTOMERS**  
13       **OF EACH OF THESE RECOVERY APPROACHES ON KANSAS**  
14       **CUSTOMERS?**

15    A.   Yes. Figure KRO-1 below depicts the expected monthly customer bill impacts on  
16       Kansas customers.

**Figure KRO-1: Monthly Residential Customer Bill Impact  
under Securitization, 12-Month Purchase Gas Cost Reconciliation  
and Alternative Proposed Rate Mitigation Plan**



**Q. FROM ATMOS ENERGY’S PERSPECTIVE, IS SECURITIZATION THE MOST COST-EFFECTIVE METHOD OF FUNDING THE REGULATORY ASSET REIMBURSEMENT?**

**A.** Yes. As explained by Mr. Schneider and supported by the comparisons in the Figures above, securitization through the issuance of Securitized Utility Tariff Bonds under the Act is the most cost-effective method of funding Regulatory Asset reimbursements to the gas utility, particularly when viewed from a customer affordability perspective.

1   **Q.    CAN YOU PROVIDE ANY ADDITIONAL PERSPECTIVE ON THE BILL**  
2       **IMPACT TO CUSTOMERS THAT WILL RESULT IF THE**  
3       **SECURITIZATION PROCESS IS NOT USED TO RECOVER THE**  
4       **COMPANY’S EXTRAORDINARY GAS COSTS?**

5   A.   Yes. The current average monthly residential bill is \$56.80, based on an average  
6       residential consumption of 70.98 Ccf. As shown in Table 4 above, the  
7       extraordinary gas costs incurred by Atmos Energy during February 2021 would  
8       result in an additional monthly charge of approximately \$47.70, absent the  
9       securitization process made available under the Act.

10   **Q.    BASED ON A MONTHLY BILL COMPARISON, DO YOU HAVE AN**  
11       **OPINION ON WHETHER SECURITIZATION FINANCING WILL MAKE**  
12       **CUSTOMERS’ GAS BILLS MORE AFFORDABLE THAN IF OTHER**  
13       **RECOVERY MECHANISMS ARE USED?**

14   A.   Yes. I believe that securitization financing provides the most affordable option to  
15       customers based on a monthly customer bill comparison between what customers  
16       would pay under conventional recovery methods and what would be paid using the  
17       securitization process and provides a reasonable way in which to mitigate and  
18       minimize the financial effect of the Winter Event. Mr. Schneider elaborates on this  
19       in his direct testimony.

20   **Q.    WILL OTHER TANGIBLE AND QUANTIFIABLE CUSTOMER**  
21       **BENEFITS BE REALIZED THROUGH SECURITIZATION FINANCING?**

22   A.   Yes. As explained by Mr. Schneider use of the securitization process is expected  
23       to result in a AAA bond rating, which means that the carrying cost (i.e. interest rate)

1        paid by customers will be lower than if Atmos Energy was to continue to finance  
2        this debt. Additionally, securitization financing provides the opportunity for the  
3        credit rating agencies to exclude this financing from their evaluation of our current  
4        credit rating. It will also help to ensure that the Company can continue its practice  
5        of making significant investments in system safety and reliability that began a  
6        decade ago.

7        **Q.    IF THE COMPANY’S FINANCING PLAN IS NOT APPROVED OR THE**  
8        **FINANCING ORDER ISN’T AUTHORIZED BY THE COMMISSION,**  
9        **HOW DOES ATMOS ENERGY PROPOSE TO RECOVER ITS**  
10       **EXTRAORDINARY GAS COSTS?**

11      A.    As mentioned above, securitization financing provides the most affordable option  
12        to customers based on a monthly customer bill comparison between what customers  
13        would pay under conventional recovery methods and what would be paid using the  
14        securitization process. However, if the Commission does not authorize a financing  
15        order, Atmos Energy requests that the Commission issue an order allowing the  
16        Company to recover the authorized Regulatory Asset relating to the extraordinary  
17        gas costs incurred during the Winter Event. Atmos Energy further requests that the  
18        Commission authorize the Company to recover its prudently incurred extraordinary  
19        gas costs based upon the Company's weighted cost of capital, over three years via  
20        a fixed monthly rate through a Winter Event Rider (“Alternative Plan”).

1 **IV. RECONCILIATION PROCESS**

2 **Q. PLEASE DISCUSS THE RECONCILIATION PROCESS OUTLINED IN**  
3 **THE ACT.**

4 A. Pursuant to the Act, not all extraordinary costs to be securitized will be known when  
5 a utility requests a Financing Order or at the time bonds are issued. The Act allows  
6 the utility to provide a reasonable estimate of costs to be securitized and then  
7 reconciled later with actual costs included in the securitization financing  
8 mechanism. Atmos Energy has not been billed for any pipeline penalties, though  
9 certain charges are pending in Docket No. 21-KGSG-332-GIG that the Company  
10 anticipates it will be billed for. If Atmos Energy is billed for penalties related to the  
11 Winter Event in the future, these penalties, net of those passed on to and collected  
12 from transportation customers pursuant to our tariff, will be added to the total and  
13 recovered pursuant to the Plan. The customer impact amounts set forth in the  
14 previous section of my testimony include an estimate of pipeline penalties. The  
15 Company also intends to provide an estimate of extraordinary costs to be  
16 securitized in its application for a Financing Order. The application for the  
17 financing order will also reflect a credit for any net penalty amounts recovered from  
18 transportation customers. Additionally, the Act requires that the reconciliation be  
19 resolved through a traditional ratemaking process. The reconciliation cannot affect  
20 the Securitized Utility Tariff Charge paid by customers.

1   **Q.   HOW WILL THE COMPANY RECONCILE THE SECURITIZED**  
2       **AMOUNT WITH THE ACTUAL COSTS INCURRED AND RESOLVE**  
3       **ANY VARIANCES?**

4   A.   The Company proposes to reconcile actual costs incurred and the securitized  
5       amount, 12 months after the issuance of bonds. The Company will also identify the  
6       amount of penalties resulting from Docket No. 21-KGSG-332-GIG. The  
7       reconciliation process would also account for any subsequent federal or state  
8       governmental relief in the form of profit disgorgement, civil suit relief, market  
9       manipulation findings, etc., recovered by Atmos Energy after the Securitized  
10      Utility Tariff Bonds have been issued. If actual costs are less than the securitized  
11      amount, the Company will return this amount to its customers through a Winter  
12      Event Rider. The reconciliation amount will be amortized over the remaining life  
13      of the securitization amortization. If actual costs are more than the securitized  
14      amount, the Company will collect this amount from its customer through a Winter  
15      Event Rider. The reconciliation amount will be amortized over the remaining life  
16      of the securitization amortization. The reconciliation process will occur annually  
17      until all penalty matters previously discussed are resolved.

18   **Q.   HOW WILL THE COMPANY DETERMINE THE WINTER EVENT**  
19      **RIDER FOR EACH CUSTOMER CLASS?**

20   A.   The Company will use the same allocation factors used to develop the Securitized  
21      Utility Tariff Charge to determine the rate for each customer class. The Company  
22      proposes a fixed charge for the Winter Event Rider to ensure it aligned with the  
23      Securitized Utility Tariff Charge.

1

**V. CUSTOMER EDUCATION**

2

**Q. DOES ATMOS ENERGY HAVE AN EDUCATION PLAN TO PROVIDE  
INFORMATION TO CUSTOMERS ABOUT THE BENEFITS OF  
SECURITIZATION?**

4

5

A. Atmos Energy is in the process of developing a plan. At this time, the Company is  
exploring the use of an informational website to inform customers about the  
recovery of costs related to the February Winter Event and the benefits of  
securitization. Atmos Energy will work closely with the Commission to develop  
the educational materials.

6

7

8

9

10

**VI. CONCLUSION**

11

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

12

A. Yes, it does.



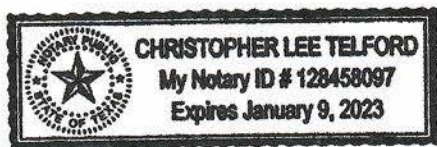
VERIFICATION


STATE OF TEXAS                    )  
  )  
COUNTY OF DENTON                )

Kathleen R. Ocanas, being duly sworn upon her oath, deposes and states that she is Vice President of Rates and Regulatory Affairs of Atmos Energy Corporation's Colorado-Kansas Division; that she has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of her knowledge, information and belief.

  
Kathleen R. Ocanas

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



  
Notary Public

My appointment expires: Jan 9, 2023

**Atmos Energy Corporation**  
**Docket No. 21-ATMG-333-GIG (2021 February Weather Event)**  
**Summary Extraordinary Gas Cost Recovery Support**

Line No.	Description	Reference	Purchase Gas Cost Recovery Mechanism	3 Year Amortization (WACC)	Securitization 10 Year Period	Securitization 15 Year Period
	(a)	(b)	(c)			
1	Extraordinary Gas Costs		\$ 76,652,625	\$ 76,652,625	\$ 76,652,625	\$ 76,652,625
2						
3	KGS Penalties		11,227,997	11,227,997	11,227,997	11,227,997
4	Total Extraordinary Gas Costs Deferred		87,880,622	87,880,622	87,880,622	87,880,622
5						
6	Carrying cost from March 2021 - docket completion [1]		6,256,983	6,256,983	9,474,861	9,474,861
7						
8	Docket Costs, including customer education			820,000	\$ 820,000	\$ 820,000
9	Total Extraordinary Gas Costs Deferred		\$ 94,137,605	\$ 94,957,605	\$ 98,175,482	\$ 98,175,482
10						
11						
12	Interest Cost for billing term			11,958,961	10,334,440	18,869,007
13	Securitization Issuance Costs				1,300,000	1,400,000
14	Total Billed to Customers		\$ 94,137,605	\$ 106,916,565	\$ 109,809,921	\$ 118,444,488
15						
16	Notes:					
	[1] 3 Year WACC begins assumes a March 1, 2022 start for billing; Securitization assumes a September 1, 2022 billing					

**Atmos Energy Corporation**  
**Docket No. 21-ATMG-333-GIG (2021 February Weather Event)**  
**Interim Carrying Costs from March 2021 through August 2022**

Line No.	Description	Total	Rate	Interim Carrying Cost	3/9/2021	3/31/21	4/30/21	5/31/21	6/30/21	7/31/21	8/31/21	9/30/21	10/31/21
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1													
2	Interest on Interim Debt (no issuance costs included)	\$ 76,652,625	8.3960%	\$ 9,474,861		\$ 393,296	\$ 536,313	\$ 536,313	\$ 536,313	\$ 536,313	\$ 536,313	\$ 536,313	\$ 536,313
3													
4													
5													
6	<b>Atmos Energy - Primary Recommendation - WACC calculation</b>												
7													
8													
9	DEBT TO TOTAL CAPITAL		43.68%										
10	EQUITY TO CAPITAL		56.32%										
11	DEBT COST RATE		4.37%										
12	ROE		9.10%										
13													
14	REGULATORY TAX RATE		21.00%										
15													
16	After-Tax WACC		7.03%										
17	Pre-Tax WACC		8.3960%										
18													
19													
20	State Tax Rate		0.00%										
21	Federal Tax Rate		21.00%										
22	Composite Tax Rate (Line 23 + Line 24)		21.00%										

**Atmos Energy Corporation**  
**Docket No. 21-ATMG-333-GIG (2021 February Weather Event)**  
**Interim Carrying Costs from March 2021 through August 2022**

Line No.	Description	Total	Rate	Interim Carrying Cost	11/30/21	12/31/21	1/31/22	2/28/22	3/31/22	4/30/22	5/31/22	6/30/22	7/31/22	8/31/22
	(a)	(b)	(c)	(d)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)
1														
2	Interest on Interim Debt (no issuance costs included)	\$ 76,652,625	8.3960%	\$ 9,474,861	\$ 536,313	\$ 536,313	\$ 536,313	\$ 500,559	\$ 536,313	\$ 536,313	\$ 536,313	\$ 536,313	\$ 536,313	\$ 536,313
3														
4														
5														
6	<b>Atmos Energy - Primary Recommendation - WACC calculation</b>													
7														
8														
9	DEBT TO TOTAL CAPITAL		43.68%											
10	EQUITY TO CAPITAL		56.32%											
11	DEBT COST RATE		4.37%											
12	ROE		9.10%											
13														
14	REGULATORY TAX RATE		21.00%											
15														
16	After-Tax WACC		7.03%											
17	Pre-Tax WACC		8.3960%											
18														
19														
20	State Tax Rate		0.00%											
21	Federal Tax Rate		21.00%											
22	Composite Tax Rate (Line 23 + Line 24)		21.00%											

**Atmos Energy Corporation**  
**Docket No. 21-ATMG-333-GIG (2021 February Weather Event)**  
**Summary of Docket Costs**

Line No.	Description (a)	Total Amount (b)
1	<b>Actual Docket Expenses:</b>	
2	Legal	\$ 1,283
3	Staff	-
4	CURB	-
5		
6		
7		<b>Total Actual</b>
8		<b>\$ 1,283</b>
9	<b>Estimated Remaining</b>	
10	Legal	\$ 278,717
11	Staff	250,000
12	CURB	190,000
13	Customer Education	100,000
14		
15		<b>Total Estimated</b>
16		<b>\$ 818,717</b>
17		<b>Actual + Remaining Estimated Expenses</b>
18		<b>\$ 820,000</b>
19	Note:	
20	1. The Legal and Consulting Expenses and Professional Fees are actual expenses incurred through July 2021. Estimated amounts include costs related to this docket and for the securitization docket for February 2022 through August 2022.	

**Atmos Energy Corporation**  
**Docket No. 21-ATMG-333-GIG (2021 February Weather Event)**  
**Extraordinary Gas Costs**

Line No.	Division	Total Purchases (Dth) (b)	Total Actual Cost (1) (c)	Actual Cost/Dth (d) = (c/b)	Normalized Cost/(Mcf) (e)	Normalized Gas Cost (2) (f) = (b*e)	Extraordinary Gas Costs (g)=(c-f)
	(a)						
1	Kansas	2,410,425	\$ 83,556,032	\$ 34.664	\$ 2.8640	\$ 6,903,407	\$ 76,652,625
2							
3							
4	<b>Total (Sum of Lns 1 - 3)</b>	<b>2,410,425</b>	<b>\$ 83,556,032</b>	<b>\$ 34.664</b>	<b>\$ 2.8640</b>	<b>\$ 6,903,407</b>	<b>\$ 76,652,625</b>
5							
6							
7							
8							

Notes:

1. The Total Cost for Kansas is for all Gas Purchase costs for the month of February, 2021 including Penalties

Atmos Energy Corporation  
Docket No. 21-ATMG-333-GIG (2021 February Weather Event)  
Bill Comparison

	Securitized 10 Year Period	Securitized 15 Year Period	Alternative Methods	
			Purchased Gas Cost Recovery	3-Year Amortization Charge
<b>Extraordinary Winter Storm Uri Costs:</b>				
Total Billed to Customers	\$ 109,809,921	\$ 118,444,488	\$ 94,137,605	\$ 106,916,565
<b>Residential Sales Service:</b>				
Allocation % Total (Ccf)	75.0155%	75.0%	75.0%	75.0%
Average Customers per Month	123,365	123,365	123,365	123,365
<b>Monthly Cost</b>	<b>\$ 5.56</b>	<b>\$ 4.00</b>	<b>\$ 47.70</b>	<b>\$ 18.06</b>
Savings from CRR Bonds:				
Per Month			\$ 42.14	\$ 12.49
First Year			\$ 505.66	\$ 149.94
<b>Commercial/Public Authority:</b>				
Allocation % Total (Ccf)	24.1666%	24.2%	24.2%	24.2%
Average Customers per Month	9,690	9,690	9,690	9,690
<b>Monthly Cost</b>	<b>\$ 22.82</b>	<b>\$ 16.41</b>	<b>\$ 195.65</b>	<b>\$ 74.07</b>
Savings from CRR Bonds:				
Per Month			\$ 172.83	\$ 51.25
First Year			\$ 2,073.98	\$ 614.98
<b>School Sales Service:</b>				
Allocation % Total (Ccf)	0.2638%	0.3%	0.3%	0.3%
Average Customers per Month	44	44	44	44
<b>Monthly Cost</b>	<b>\$ 54.86</b>	<b>\$ 39.45</b>	<b>\$ 470.33</b>	<b>\$ 178.06</b>
Savings from CRR Bonds:				
Per Month			\$ 415.47	\$ 123.20
First Year			\$ 4,985.59	\$ 1,478.34
<b>Industrial Sales Service:</b>				
Allocation % Total (Ccf)	0.1598%	0.2%	0.2%	0.2%
Average Customers per Month	14	14	14	14
<b>Monthly Cost</b>	<b>\$ 101.04</b>	<b>\$ 72.66</b>	<b>\$ 866.23</b>	<b>\$ 327.94</b>
Savings from CRR Bonds:				
Per Month			\$ 765.19	\$ 226.90
First Year			\$ 9,182.27	\$ 2,722.76
<b>Small Generator:</b>				
Allocation % Total (Ccf)	0.0001%	0.0%	0.0%	0.0%
Average Customers per Month	75	75	75	75
<b>Monthly Cost</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.10</b>	<b>\$ 0.04</b>
Savings from CRR Bonds:				
Per Month			\$ 0.09	\$ 0.03
First Year			\$ 1.09	\$ 0.32
<b>Irrigation Engine:</b>				
Allocation % Total (Ccf)	0.3942%	0.4%	0.4%	0.4%
Average Customers per Month	195	195	195	195
<b>Monthly Cost</b>	<b>\$ 18.47</b>	<b>\$ 13.28</b>	<b>\$ 158.30</b>	<b>\$ 59.93</b>
Savings from CRR Bonds:				
Per Month			\$ 139.83	\$ 41.46
First Year			\$ 1,678.02	\$ 497.57