

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

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

In the Matter the Application of Atmos Energy)
Corporation for Adjustment of its Natural Gas) Docket No. 23-ATMG-359-RTS
Rates in the State of Kansas)

ORDER APPROVING SETTLEMENT AGREEMENT

This matter comes before the State Corporation Commission of the State of Kansas (Commission). The Commission concludes the following:

Background

1. On September 9, 2022, Atmos Energy Corporation (Atmos) filed an Application requesting an overall revenue increase of approximately \$8.3 million, excluding the rebasing of the \$3.5 million currently collected through its Gas System Reliability Surcharge Rider (GSRS) into base rates and setting to zero, as well as \$0.6 million of its Ad Valorem Tax Surcharge being adjusted into Ad Valorem Expense and collected in base rates going forward rather than through the Ad Valorem surcharge.¹ If approved, Atmos' new overall rate of return would be 8.18%.² Atmos seeks to increase the current budget and a five-year extension of its System Integrity Program (SIP) Tariff from \$35 million to \$50 million.³ Atmos also seeks to implement a Voluntary Smart Choice Carbon Offset Tariff (SCCO) Rider which allows customers the option of paying for carbon offsets for their gas usage.⁴

¹ Application, pg. 2 (Sept. 9, 2022).

² *Id.*, at 3.

³ *Id.*

⁴ *Id.*, at 4.

2. Atmos also requested to revise its Transportation Tariffs to require most transportation customers to install Electronic Flow Management (EFM) equipment by November 1, 2024. This would necessitate a company-administered wireless phone line to provide the communications capability necessary to operate the EFM.⁵

3. Atmos Witness Rob Leivo testified that during times of volatile pricing like Winter Storm Uri, an EFM makes it possible to accurately determine which customers are responsible for imbalances during an Operational Flow Order (OFO) event. Atmos estimates the costs of the EFM equipment to be approximately \$4,000 per customer, however about 165 of the 285 EFM customers would also be required to upgrade their meter at significant additional cost.⁶

4. Under Atmos' current tariff the cost of the EFM could be paid in monthly \$30 increments, however Atmos requests the Commission eliminate this option due to increases in EFM equipment costs.⁷

5. Atmos proposes eliminating the fees found on schedule 18 of its tariff which include meter reading fees and credit card fees.⁸ Atmos states that these charges vary greatly from year to year and it would be administratively simpler to recover them through base rates; additionally, it is more equitable to recover these costs spread throughout the customer base.⁹

6. Atmos requests that customers who sign up for transportation service in the future be required to maintain a minimum consumption level; all current customers would be grandfathered in regardless of usage.¹⁰

⁵ Out of 512 current transportation customers, about approximately 285 would be required to install EFM. *See*, Justin Grady Direct Testimony, pg. 18 (Jan 17, 2023).

⁶ "If a customer does not already have a large enough meter, they would also have to upgrade their meter, which could cost tens of thousands of dollars more", Direct Testimony of Rob R. Leivo, pg. 2, 4 (Sept. 9, 2022).

⁷ Leivo Direct at 4.

⁸ Direct Testimony of Kathleen R. Ocanas, pg. 9 (September 9, 2022).

⁹ *Id.*

¹⁰ Leivo Direct at 6.

7. Atmos states that it is currently an outlier, both Kansas Gas Service and Black Hills have minimum usage for transportation customers in their tariffs.¹¹

8. On September 13, 2022, the Citizen's Utility Ratepayer Board (CURB) filed a Petition to Intervene which was granted on September 20, 2022.

9. On September 26, 2022, WoodRiver Energy, LLC (WoodRiver) filed a Petition to Intervene which was granted on October 12, 2022. Wood River is a privately owned natural gas marketing company which anticipates that the outcome of this proceeding may affect the costs paid by its customers.¹²

10. On January 17, 2023, Commission Staff (Staff) filed direct testimony of Roxie McCullar, Leo Haynos, Jaren Dolsky, William Baldry, Adam Gatewood, Kristina Luke-Fry, Justin Grady, Robert Glass, Lana Ellis, and Justin Prentiss.

11. Also on January 17, 2023, CURB filed direct testimony of Josh Frantz, Andrea Crane and J. Randall Woolridge.

12. On January 26, 2023, WoodRiver filed Cross Answering Testimony of Don Krattenmaker.

13. On February 10, 2023, Parties filed rebuttal testimony.

14. On February 13, 2023, the participants in the Energy Management Program of the Kansas Association of School Boards (KASB), the Olathe Public Schools (USD 233) and the Natural Gas Transportation Customer Coalition (NGTCC) (Collectively "Amici"), filed a Motion for Order Permitting the Filing of an Amicus Brief, which was granted on February 20, 2023.

¹¹ *Id.* at 5.

¹² Presiding Officer Order Granting Woodriver's Petition to Intervene and Admission of Alex Goldberg *Pro Hac Vice*, pg. 2 (October 12, 2022).

The Settlement

15. On February 21, 2023, Staff, Atmos, CURB, and WoodRiver filed a Joint Motion to Approve Unanimous Settlement Agreement. (Exhibit A) A non-exhaustive list of the provisions of the Unanimous Settlement Agreement includes,

- Rolling \$3,515,823 of GSRS into base rates as well as an additional \$2,200,000 into base rates for a net increase of approximately 2.2 million;
- A compromise on depreciation rates, using Atmos' rates for some parts and Staff's for others;
- For purposes of calculating Atmos' GSRS and SIP, the carrying charge is 8.7% Gross of tax;
- Atmos withdraws its request to increase the budget of the 5 year SIP program from \$35 to \$50 million;
- Parties agree to make change to SIP program's risk assessment tool placing greater weight on bare steel;
- \$8.5 million for ad valorem taxes;
- Changes to cost allocation methodology;
- EFM required for transportation customers except schools using less than 3,000 Dth/year; 9 year amortization for costs from conversion. About \$63.26/month;
- Wireless communication line requirements for EFM subject to a future compliance filing;
- Minimum usage thresholds for future transportation customers;
- Approving the voluntary smart choice carbon offset tariff, on a pilot basis;

- Waiver of requirement to charge a credit card fee; other schedule 18 fees to remain the same.¹³

16. On February 24, 2023, Andrea Crane, Justin Grady and William Matthews provided testimony in support of the settlement.

17. On March 7, 2023, the Commission held an evidentiary hearing via Zoom regarding the joint settlement agreement and heard testimony in support of the settlement from William Matthews for Atmos, Andrea Crane for CURB and Justin Grady on behalf of Staff.¹⁴ Testimony of parties at the hearing was substantially similar to the testimony the witnesses provided in support of the settlement.

The Amicus Brief

18. On March 31, 2023, Amici filed their brief. Amici argue that instead of implementing Atmos' proposed changes, the Commission should instead open a general investigation on (1) required threshold volumes, if any, for natural gas transportation; (2) circumstances, if any, where the Commission might require an EFM; and (3) a determination of which entity is responsible for non-compliance with operation orders, such as OFO, end use customers, or natural gas marketers providing aggregation services.¹⁵

19. Amici argue that: (1) there is no substantial material evidence in the Docket to support minimum volume thresholds for natural gas transportation in the docket; (2) there is no cost-benefit justification to require EFM for transportation customers; and (3) liability for non-conformance with an OFO is properly placed upon natural gas marketers as opposed to end users.¹⁶

¹³ Joint Motion to Approve Unanimous Settlement Agreement, Exhibit A, (Feb. 21, 2023).

¹⁴ Tr. pgs. 34-65.

¹⁵ Amicus Brief of Kansas Association of School Boards, the Olathe Public Schools, and the Natural Gas Transportation Customer Coalition, pgs. 1-2, (March 31, 2023).

¹⁶ *Id.*

20. On April 5, 2023, Atmos filed a response to the Amici. Atmos argues that a general investigation is not necessary and that there are enough differences between the utilities that a “one size fits all” approach garnered from a general investigation would be imprudent.¹⁷ Atmos references the fact that after Winter Storm Uri, the Commission opened separate investigations into each utility because it recognized that each utility was unique and had unique challenges.¹⁸ Atmos also argues that there is substantial evidence to support the provision that transportation customers be required to meet a minimum threshold amount.¹⁹ Specifically, Atmos references the direct testimony of Rob Leivo, Ken Fogle and Staff witness Justin Grady.²⁰

21. On April 20, 2023, Staff filed a response to the Amicus brief. Staff generally opposes the arguments raised by the Amici. Specifically, Staff argues that because the gas utilities are so different in their geography and system characteristics, the consistency sought by Amici through a general investigation is not necessary.²¹ Because the Commission opened specific dockets for each of the utilities this allows a more wieldy approach.²²

22. Contrary to the Amici, Staff argues that there is material evidence in the record to support the minimum volume threshold.²³ Staff posits that Amici chose not to participate as parties and therefore may not have an understanding of the depth of discussion regarding minimum volume thresholds.²⁴ Staff states that as a natural gas marketer, WoodRiver’s support for the settlement is indicia that the agreement is reasonable.²⁵ Staff argues that no *party* to the docket has raised the issue of responsibility for non-compliance with OFOs and that Amici are barred from raising issues not

¹⁷ Response of Atmos Energy to Amicus Brief, pg. 1 (April 5, 2023).

¹⁸ *Id.* at 1-2.

¹⁹ *Id.* at 2, 4-5.

²⁰ *Id.* at 4-6.

²¹ Response of Staff to the State Corporation Commission of the State of Kansas to Amicus Brief, pg. 1-2 (April 20, 2023).

²² *Id.*

²³ *Id.* at 2-3.

²⁴ *Id.*

²⁵ *Id.* at 3

first raised by the parties.²⁶ (*emphasis added*). The Commission is not persuaded by the arguments raised by Amici.

The Commission's Three Factor Test

23. When analyzing a unanimous settlement, a three-factor test is used, the Commission must make an independent finding as to whether the settlement: (1) is supported by substantial competent evidence in the record as a whole, (2) will establish just and reasonable rates, and (3) is in the public interest.²⁷

The Settlement is Supported by Substantial Competent Evidence in the Record as a Whole.

24. William Matthews stated that the settlement is consistent with the testimony filed in the Docket but also reflects a compromise on the part of the parties.²⁸

25. Justin Grady testified that the agreement is supported by substantial competent evidence and explained some of the processes that led the parties to arrive at the terms of the settlement.²⁹

26. Substantial competent evidence possesses something of substance and relevant consequence, which furnishes a substantial basis of fact to reasonably resolve the issues.³⁰ Whether another trier of fact could have reached a different conclusion given the same facts is irrelevant; a Commission decision lacks substantial competent evidence when the Commission's determination "is so wide of the mark as to be outside the realm of fair debate."³¹

27. Having reviewed the record as a whole, the Commission finds the Settlement Agreement is supported by substantial competent evidence.

²⁶ *Id.* at 4

²⁷ See, Docket No. 21-BHCG-418-RTS, Order Approving Unanimous Settlement Agreement, pgs. 6-7 (December 30, 2021).

²⁸ Testimony in Support of Unanimous Settlement Agreement of William D. Matthews for Atmos Corporation, pg. 15 (February 24, 2023).

²⁹ Testimony in Support of Settlement & Agreement Prepared by Justin Grady, pgs. 12-15 (February 24, 2023).

³⁰ *Farmland Indus., Inc. v. Kansas Corp. Comm'n.*, 25 Kan.App.2d 849, 852 (1999).

³¹ *Id.* at 851, 856.

The Settlement will Result in Just and Reasonable Rates

28. The System Integrity Program (SIP) is a surcharge, separate from the GSRS that allows Atmos to accelerate replacement of older or at-risk pipelines. This helps Atmos mitigate the risk of incidents that can lead to property damage or death.³² Accelerated replacement improves system safety and reliability and helps update records to ensure better information for future risk assessments.³³ Parties have agreed to work collaboratively through the issues raised by parties and allow Atmos to file a new request to extend the SIP program. Parties agree to modify current risk assessment to place greater weight on replacement of bare steel service lines.

29. William Matthews testified that the overall budget impact on residential customers will be an increase of 1.2% or \$1.03 on their monthly bill.³⁴

30. Every gas utility in Kansas is required to provide reasonably efficient and sufficient service and establish just and reasonable rates.³⁵ The parties represent a variety of interests, including investors, small commercial customers, residential customers and the public generally. The terms of the Agreement are fair and reasonable, and were fully and fairly negotiated by the parties in conjunction with the acknowledgement that it is unlikely the Commission would accept wholesale any party's prefiled position.

31. Justin Grady stated that the rates resulting from the agreement fall within a "zone of reasonableness" which is a balance between the interest of investors versus the interest of ratepayers and the interest of current versus future ratepayers.³⁶ The agreed upon revenue requirement strikes the proper balance between the company's desire to have a reasonable assurance that it will earn

³² Direct Testimony of John M. Willis, pg. 15(September 9, 2022).

³³ *Id.* at 16.

³⁴ Testimony in Support of Unanimous Settlement Agreement of William D. Matthews for Atmos Corporation, pg. 17 (February 24, 2023).

³⁵ K.S.A 66-1,202.

³⁶ Testimony in Support of Settlement & Agreement Prepared by Justin Grady, pgs. 16-17 (Feb. 24, 2023).

sufficient revenues and cash flows to meet its financial obligations.³⁷ Generally speaking, the public interest is served when ratepayers are protected from unnecessarily high prices and unreliable service.³⁸ The fact that the settlement is unanimous amongst diverse views supports the contention that the rates will be just and reasonable and in the public interest.³⁹

32. Andrea Crane testified on behalf of CURB in support of the unanimous settlement. Crane testified that the settlement is within the zone of reasonableness because the increase in rates was higher than Staff and CURB's positions but was lower than what Atmos wanted. The rate of return is based on capital structures proposed by the parties and the settlement adopts Staff's depreciation rates but allow the Parties to propose different depreciation methodologies in the future.

33. The settlement agreement will increase residential rates 3.36%, but reduce the monthly fixed charge by \$0.45 from \$20.20 to 19.75.⁴⁰

34. The Commission finds that the cost of the SIP program is reasonable given the safety and reliability benefits to the ratepayers.

The Settlement is in the Public Interest

35. Justin Grady testified that the agreement is in the public interest because it reduces Atmos' requested revenue increase but still provides Atmos with sufficient revenues to meet its financial obligations and provide reliable service.⁴¹ The agreement also avoids costly and time consuming litigation.⁴²

36. Andrea Crane testified that the rate increase in the Unanimous Settlement Agreement was within the zone of reasonableness because it was higher than what Staff and CURB wanted but

³⁷ *Id.* at 17.

³⁸ *Id.* at 19.

³⁹ *Id.* at 17.

⁴⁰ Andrea C. Crane, Testimony in Support of Unanimous Settlement Agreement, pg. 7 (Feb. 24, 2023).

⁴¹ Testimony in Support of Settlement & Agreement Prepared by Justin Grady, pg. 17 (Feb. 24, 2023).

⁴² *Id.* at 20.

lower than what Atmos requested.⁴³ The settlement Agreement provides flexibility and allows parties to propose different depreciation methods in future rate cases.⁴⁴

37. Crane testified that the agreement is in the public interest because it reasonably allocates the increase amongst various customer classes as well as resolves issues related to depreciation rates without approving a specific depreciation method. It also avoids the cost of unnecessary litigation.⁴⁵

38. Each party has a duty to protect the interest of the party it represents. Atmos has a duty to its customers, employees, and shareholders. Wood River represents the interest of itself and its clients. The Staff and the Commission are in the unique position of being required to weigh and balance the interests of the company, the customers, and the public generally. CURB represents the interests of residential and small commercial customers.

39. This agreement was sufficient to satisfy the diverse interest of all the parties, this supports the notion that the agreement is in the public interest. The total effect of the terms of the Agreement results in just and reasonable rates and represents an equitable balancing of the interest of all the Parties. Therefore, the Agreement is in the public interest.

THEREFORE, THE COMMISSION ORDERS:

A. The Joint Motion to Approve Unanimous Settlement Agreement is granted effective May 9, 2023.

B. Any party may file for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁴⁶

⁴³ Andrea C. Crane, Testimony in Support of Unanimous Settlement Agreement, pgs. 5-6 (Feb. 24, 2023).

⁴⁴ *Id.* at 6.

⁴⁵ *Id.* at 8.

⁴⁶ K.S.A. 77-529(a)(1).

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Keen Commissioner (Dissenting in part), French, Commissioner

05/09/2023

Dated: _____

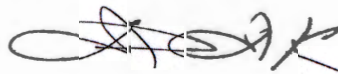
Lynn M. Retz

Lynn M. Retz
Executive Director

DGC

DISSENTING IN PART OPINION

I support the Commission's findings with one exception, albeit an important one. I would deny Atmos' request to waive the requirement to charge a credit card fee. By waiving the fee for customers paying their gas bill by credit card, those fees are being passed on to all Atmos residential customers, even those customers who choose not to pay by credit card. Rather than force customers who elect to pay by other means to subsidize customers that choose to pay by credit card, I believe those customers who pay by credit card should bear all associated costs and fees. Customers may choose to pay by credit card to get airline miles or other perks, unrelated to natural gas service. Customers that wish to earn airline miles or other perks should pay for those privileges. Likewise, customers who wish to avoid credit card fees by paying their bill by other means, should not be forced to incur fees, when they have received no benefit. I strongly believe it is unfair to make customers who do not pay by credit card subsidize those customers that do. Socializing the costs of paying by credit card is not good public policy. Therefore, I dissent from the Commission's Order. Furthermore, I believe the policy of prohibiting the socialization of these costs should have been adopted by the Commission and designated as precedential, and therefore, applicable with like effect to all of the Commission's regulated utilities.



Dwight D. Keen
Commissioner

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos)
Energy Corporation for Approval of the) Docket No. 23-ATMG-359-RTS
Commission to Make Certain Changes in its)
Rates for Natural Gas Service.

UNANIMOUS SETTLEMENT AGREEMENT

This Unanimous Settlement Agreement ("Agreement") is entered into between and among the Staff of the State Corporation Commission of the State of Kansas ("Staff"), Atmos Energy Corporation ("Atmos Energy"), the Citizens' Utility Ratepayer Board ("CURB") and WoodRiver Energy LLC ("WoodRiver") (collectively referred to herein as the "Parties" or "Joint Movants"). This Agreement is being submitted to the Commission for its approval pursuant to K.A.R. 82-1-230a.

I. ATMOS ENERGY'S APPLICATION

1. On September 9, 2022, Atmos Energy filed an Application in this docket to make certain changes in its rates and charges for natural gas service. Pursuant to the Commission's Order dated September 15, 2022, the effective date of the Application was suspended until May 8, 2023. On October 12, 2022, the Presiding Officer issued an Order establishing a procedural schedule. By agreement from Atmos Energy the suspension date was extended to May 9, 2023. This matter is currently set for hearing on March 7-9, 2023.

2. On September 13, 2022, CURB requested intervention in this proceeding and was granted intervention on September 20, 2022. On September 26, 2022, WoodRiver filed for intervention, which was approved on October 12, 2022.

3. The schedules filed with Atmos Energy's Application indicated a need to increase base rates by approximately \$11.83 million, based upon normalized operating results for the 12

months ending March 31, 2022, adjusted for known and measurable changes in revenues, operating and maintenance expenses, cost of capital and taxes, and other adjustments. As set forth in Atmos Energy's Application, the \$11.83 million increase in base rates included rolling into base rates revenues recovered through the Gas System Reliability Surcharge ("GSRS") in the amount of approximately \$3.52 million and resetting the GSRS rate to zero (for a net increase of \$8.3 million). Atmos Energy proposed an overall rate of return of 8.18 percent. Additionally, Atmos Energy included a depreciation study and sought new depreciation rates for Atmos Energy's Shared Services ("SS") and Colorado/Kansas Office divisions ("CO/KS") as part of its Application. Atmos Energy also requested an increase in the current budget (from \$35 million to \$50 million) for its System Integrity Program ("SIP") Tariff that was approved in Docket No. 19-ATMG-525-RTS ("19-525 Docket") and a five-year extension of the SIP program and tariff. Atmos Energy requested changes to its transportation tariffs as a direct result of its and its customers' experiences during Winter Storm Uri in February, 2021. Atmos Energy requested changes to its general terms and conditions of service and the elimination of some miscellaneous service fees. Atmos Energy also requested permission to implement a Voluntary Smart Choice Carbon Offset Tariff ("SCCO") Rider that would allow customers on a solely voluntary basis to offset some or all of the carbon emissions associated with their natural gas usage through Atmos Energy's purchase and retirement of Carbon Credits on their behalf. In support of its Application, Atmos Energy submitted the testimony of 9 witnesses and the schedules required by K.A.R. 82-1-231.

II. STAFF AND OTHER PARTIES' PRE-FILED POSITIONS

4. On January 17, 2023, Staff filed its direct testimony (including supporting schedules and exhibits) in the above docket recommending that Atmos Energy be granted a base rate increase (revenue requirement increase) of approximately \$5.49 million, which included rebasing the GSRS

revenues of approximately \$3.52 million and resetting the GSRS charge to zero (for a net increase of \$1.97 million). Staff also recommended an adjustment to Atmos Energy's proposed depreciation rates and made recommendations regarding capital structure, return on equity (ROE) and adjustments to the income statement and rate base. Additionally, Staff addressed Atmos Energy's requests relating to Atmos Energy's SIP tariff. Staff also made recommendations regarding the proposed changes to Atmos Energy's transportation tariff due to Winter Storm Uri and the proposed changes to the other tariff provisions and the elimination of some miscellaneous service fees. Staff supported Atmos Energy's proposed SCCO Rider.

5. On January 17, 2023, CURB filed testimony in which it recommended a revenue deficiency of approximately \$5.21 million, which included rebasing the GSRS revenues of approximately \$3.52 million in to base rates and resetting the GSRS charge to zero (for a net increase of \$1.69 million). CURB addressed Atmos Energy's requests relating to the Company's SIP tariff. CURB also made recommendations regarding the proposed changes to Atmos Energy's transportation tariff due to Winter Storm Uri and the proposed changes to the other tariff provisions and the elimination of some miscellaneous service fees. CURB supported Atmos Energy's proposed SCCO Rider provided that it be implemented as a five-year pilot program.

6. WoodRiver filed direct testimony and cross-answering testimony objecting to certain of Atmos Energy's proposed changes to its transportation tariffs primarily as they related to schools.

7. Atmos Energy filed rebuttal testimony on February 10, 2023.

8. Subsequently, on February 15, 2023, Atmos Energy, Staff, CURB, and WoodRiver met to discuss the possible settlement of the issues in this matter. The Joint Movants were able to reach a settlement agreement in principle resolving all issues in the case. This Settlement Agreement ("Agreement") was executed on February 21, 2023. The resolution of the issues are set forth in this

Agreement. Since all parties to the docket signed this Agreement, it is considered a unanimous settlement agreement under the Commission's regulations (K.A.R. 82-1-230a).

9. The Joint Movants believe that this Agreement represents a reasonable and fair resolution of this matter and that the terms contained therein are in the public interest. Joint Movants believe that this Agreement satisfies the three factors that the Commission considers when reviewing a proposed settlement agreement.

III. SETTLEMENT PROVISIONS

10. **Stipulated Revenue Requirement and GSRS Rebasing.** The Parties agree that Atmos Energy's overall annual revenue increase to base rates shall be \$5,715,823, which is inclusive of each parties' view of rate case expense. The Parties agree that Atmos Energy shall roll into base rates the GSRS revenues in the amount of \$3,515,823 and reset the GSRS charge to zero. The GSRS revenues are included in the \$5,715,823 annual revenue increase agreed to by the Parties, making the net annual increase approximately \$2,200,000.

11. **Depreciation Rates.** The Parties agree the revenue requirement specified in paragraph 10 above includes Staff's Shared Service depreciation expense consistent with the depreciation rates proposed by Staff and set forth in **Appendix A** to this Settlement. The Parties also agree that the revenue requirement specified in paragraph 10 above includes the Colorado/Kansas division depreciation rates proposed by Atmos Energy. Atmos Energy agrees it will adopt the depreciation rates in **Appendix A**. By agreeing to Atmos Energy's depreciation proposal, Staff is not agreeing to any policy recommendations made by Atmos Energy Witness Watson. The Parties agree the policy recommendations made by Staff Witness McCullar and Atmos Energy Witness Watson regarding ALG v. ELG may be addressed in future general rate case filings.

12. **GSRS and SIP Carrying Charge.** For purposes of calculating Atmos Energy's

GSRs and SIP, the carrying charges to be applied to recoverable investments in such filings shall be calculated using a pre-tax rate of return of 8.70%, which is based on state and federal tax rates in effect as of the date of this Agreement. The Parties agree this carrying charge is solely for purposes of GSRs and SIP filings and is not precedential for any other purpose.

13. **Capital Structure.** The Parties agree that nothing in this Agreement constitutes an agreement by the Parties to the capital structure proposals presented in this case and this Agreement does not prevent the Parties from challenging such proposals in the future.

14. **SIP Tariff.** (a) Atmos Energy shall be allowed to withdraw its request to increase the budget amount for the remaining term of the five-year SIP pilot program from \$35 million to \$50 million. Atmos Energy shall also be allowed to withdraw without prejudice its request to extend the SIP program for an additional five-year period. The Parties have agreed to collaboratively work through the issues raised by the Parties in this case relating to the extension of the SIP program with Atmos Energy being allowed to file a new request with the Commission to extend the SIP program either in a separate application or in a subsequent general rate case filing prior to the expiration of the pilot program.

(b) With respect to the existing SIP pilot program, and in order to address the three recommendations included in the direct testimony filed by Mr. Haynos, the Parties agree to the following provisions:

i. While Atmos Energy's risk assessment model does currently account for the risk associated with bare steel service lines, Atmos Energy agrees that the program could be enhanced by modifying the current model as proposed by Mr. Haynos to place a greater weight on the risk associated with bare steel service lines. Atmos Energy agrees to adjust the risk-ranking accordingly when prioritizing pipe

replacement projects, that includes mains and associated bare steel service lines, beginning with the projects identified for Year Four of the currently approved SIP.

ii. With respect to the recommendation by Mr. Haynos that replacement of plastic pipe manufactured after 1983 should not be recovered through SIP, the Parties agree that the cost of replacing pipe segments greater than 100 feet in length of recently installed (post 1983) plastic pipe placed in low pressure service shall not be recovered through the SIP charge unless Atmos Energy can show at the time it makes its filing for approval of the SIP charge that either (i) the replacement of the installed (post 1983) plastic pipe was equally or more cost effective than uprating the existing pipe, or (ii) the replacement is necessary to comply with state or federal safety requirements applicable at that time, and such is accepted by the Commission. If the Commission determines that Atmos Energy has shown that the replacement of the installed (post-1983) plastic pipe was equally or more cost effective than uprating the existing pipe or that the replacement is necessary to comply with state or federal safety requirements, then the replacement cost shall be recovered through the SIP charge. If the Commission determines that Atmos Energy has not shown that the replacement of the installed (post-1983) plastic pipe was equally or more cost effective than uprating the existing pipe and that the replacement is not required by state or federal safety requirements, then the replacement cost shall not be recovered through the SIP charge and Atmos Energy can request recovery of the replacement cost in its next general rate case filed after the replacement projects in question have been placed in service but not to be included in this current rate case. Staff and CURB shall have the right to challenge any showing by Atmos Energy that the replacement

of the installed (post-1983) plastic pipe was equally or more cost effective than uprating the existing pipe or that the replacement is not required by state or federal safety requirements. This provision shall apply to Year Three (2023), Four (2024) and Five (2025) approved SIP projects.

iii. With respect to the recommendation made by Mr. Haynos that Atmos Energy should provide an in-depth description of the cause of any failure for each leak discovered on plastic piping so it can be determined if the failure was due to the pipe's material, Atmos Energy agrees to provide the Commission with an in-depth description of the results of its leak investigation for each leak discovered and ultimately uncovered for a root cause analysis on plastic piping based on available information and include such description in its annual report filed in compliance with the 343 Docket. When the pipe is exposed through the leak repair process, more information is available to Atmos Energy to determine the root cause of the leak. However, the process for addressing leaks under pavement or on service lines involves a process that does not result in exposing the leak. As a result of this and other limitations on available information that arise during the investigation process, it is not always possible to determine with certainty the exact cause of a leak in those circumstances. In those cases, Atmos Energy agrees to note why it was unable to expose the leak to determine the root cause of the leak.

15. **Ad Valorem Surcharge Rider.** For purposes of filing Atmos Energy's Ad Valorem Surcharge Rider (all subsequent years until rebased in Atmos Energy's next base rate case), the Parties agree that the ad valorem expenses embedded in base rates shall be \$8,597,886 (\$8,737,864 gross assessment, net of \$139,978 capitalized to CWIP).

16. **Amortization Periods.** Amortization periods and/or expenses are established as follows:

(a) Atmos Energy's actual rate case expense shall be amortized over three years;

(b) Atmos Energy's Pension and OPEB deferrals in the amounts of \$(273,567) and \$1,159,782 respectively shall be amortized over three years \$(91,189) and \$386,594 per year, respectively;

(c) With respect to item 7(b) above, Atmos Energy shall have the right to recover any over-amortized amount relating to Pension and OPEB deferrals, and with respect to item 7(a), Atmos Energy reserves the right to seek recovery of any unamortized amount relating to rate case expense, with the understanding that Staff and CURB reserve their right to object to the recovery of any unamortized amount relating to rate case expense, including the arguments raised in Staff witness Ian Campbell's Direct Testimony; and

(d) The revenue requirement set in this case includes the flow back of Unprotected Excess Accumulated Deferred Income Tax ("EDIT") and the flow back due to the State of Kansas income tax rate elimination. The flow back adjustment decreases income tax expense by \$6,135,433, which includes \$2,982,437 for federal tax expense and \$3,152,996 for state income tax expense, and recognizes the effect of amortizing the federal accumulated deferred income taxes on Atmos Energy's income tax expense over five years and state excess accumulated deferred income taxes on Atmos Energy's income tax expense over three years.

17. **Pension and OPEB Trackers.** For the purposes of calculating Atmos Energy's pension and OPEB tracker going forward, the Parties agree that the base rates agreed to in this Agreement include the following expenses:

(a) Atmos Energy's Pension Expense:

Kansas Direct: \$114,085

Shared Services Divisions: \$45,914

CO/KS Division: \$14,518

(b) Atmos Energy's OPEB Expense:

Kansas Direct: (\$263,741)

Shared Services Divisions: \$22,340

CO/KS Division: (\$274,447)

18. **Allocation of Costs to Customers Classes in GSRS and SIP Filings.** For allocating costs among customer classes in subsequent GSRS and SIP filings, such costs shall be allocated among Atmos Energy's classes of customers based on the rate allocation approved in this rate case and as reflected in **Appendix B** attached hereto.

19. **Class Cost of Service and Rate Design.** The Parties agree the annual revenue requirement increase shall be allocated among the respective classes of customers according to the amounts indicated for each class as shown in Appendix B attached hereto. The Parties agree to the facilities charges and commodity charges for each class as shown on **Appendix B** attached hereto.

20. **Billing Determinants; Weather Normalization Adjustment; Customer Annualization Adjustment.** The Parties agree to use Atmos Energy's billing determinants, weather normalization adjustment and customer annualization recommendation, as adjusted by Staff Witness Ellis, to calculate the billing determinants and WNA factors to be used to determine Atmos Energy's WNA adjustment.

21. **General Terms and Conditions and Miscellaneous Service Fees.**

(a) Atmos Energy agrees to include in its proposed changes to its tariffs and

general terms and conditions the changes included in Staff witness Prentiss's testimony.

(b) Atmos Energy agrees to withdraw its request to eliminate its miscellaneous service charges.

22. Transportation Tariff Issues.

(a) The Parties agree that the Commission should approve Atmos Energy's request, as amended by this settlement and which amended request will be captured in a compliance filing with the Commission containing revised tariff language, to require Electronic Flow Measurement ("EFM") equipment for all transportation customers, except for existing smaller use meters that have been historically aggregated in order to qualify for transportation service, and school customers using less than 3,000 Dth/year, by November 1, 2024, or be converted to sales service. The November 1, 2024, deadline may be extended in the event of delays caused by labor availability and supply chain disruptions. The deadline may also be extended in the event the customer has a preexisting multi-year contract that expires after November 1, 2024. School customers using less than 3,000 Dth/year will instead be required to deliver a specified quantity of natural gas during critical days and or/Operational Flow Orders, as determined and timely communicated by Atmos Energy. The Parties agree to work in good faith to jointly develop tariff language pertaining to this requirement, and the consequences of small schools under-delivering the required quantities of natural gas, with such language to be presented in a compliance filing to the Commission.

(b) The Parties agree that Atmos Energy will pay for EFM equipment for school transportation customers that use at least 3,000 Dth/year, and Atmos Energy will recover the actual costs of those conversions in a regulatory asset with a carrying cost at its approved rate of return for the GSRS/SIP. The parties agree that Atmos Energy will request that this

regulatory asset balance be recovered over a nine year amortization period from all Transportation customers in the next rate case.

(c) The Parties agree that the Commission should not approve Atmos Energy's request to eliminate the option for transportation customers to pay for the EFM equipment through a monthly charge, instead of the upfront cost of \$4,300. That initial charge will be set at \$63.26/month, which is calculated as a level-payment financing over the nine years. This charge shall be charged for the duration of the customer's service as a transportation customer, not to exceed nine years. If the customer leaves transportation service to move to sales service before the nine years is up, Atmos Energy agrees to bill the transportation customer for the remaining balance of the EFM cost. Atmos Energy shall be allowed to request an increase in the current monthly charge by filing an application in a separate docket and providing support for any increase in the monthly charge. The Parties reserve their respective rights to challenge any increase in the monthly charge requested by Atmos Energy in that separate docket.

(d) The Parties agree that the Commission should approve Atmos Energy's request to change its transportation tariff to require an Atmos Energy administered wireless communication line for the reasons set forth in Mr. Leivo's direct testimony which was adopted by Mr. Fogle. Atmos Energy shall be required to list the charge for wireless communication service in its Schedule II service fees. Atmos Energy shall make a compliance filing identifying the fee and submitting support for that fee in the compliance filing. This fee may be updated periodically based on current actual costs through a compliance tariff filing or in conjunction with a general rate case.

(e) Recognizing the exceptions identified in paragraph (a) above, the Parties

agree that Atmos Energy shall change its transportation tariffs to require all new transportation customers, after November 1, 2024, to have a minimum annual gas usage of 1,500 MMBtu in any month or 5,000 MMBtus of natural gas in a year. The minimum usage requirement would not apply to schools or any existing transportation customer.

23. **Smart Choice Carbon Offset Tariff ("SCCO") Rider.** The Parties agree that Atmos Energy's proposed SCCO rider as corrected and set forth in Rebuttal Exhibit GLS-3 should be approved by the Commission on a pilot basis. The parties agree that a re-evaluation of the program's reasonableness and effectiveness should be completed before the end of a six year time frame.

24. The parties agree that Atmos Energy shall be effectively granted a waiver from the Commission's minimum payment standards pertaining to the requirement to charge a fee for customers that choose to pay their bills with a debit or credit card.

IV. MISCELLANEOUS PROVISIONS

A. THE COMMISSION'S RIGHTS

25. Nothing in this Agreement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure that Atmos Energy is providing efficient and sufficient service at just and reasonable rates.

B. PARTIES' RIGHTS

26. The Parties, including Staff, shall have the right to present pre filed testimony in support of this Agreement. Such testimony shall be filed formally in the docket and presented by witnesses at a hearing on this Agreement. Such testimony shall be filed on or before February 24, 2023, as required by the procedural schedule filed in this docket.

C. WAIVER OF CROSS EXAMINATION AND POST HEARING BRIEFS

27. The Parties agree to waive cross examination on all testimony filed prior to the filing of this Agreement. The Parties agree that all such pre-filed testimony and exhibits may be incorporated into the record without objection. The Parties agree to waive filing of post-hearing briefs.

D. NEGOTIATED SETTLEMENT

28. This Agreement represents a negotiated settlement that fully resolves all of the issues in this docket among the Parties. The Parties represent that the terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement in the instant proceeding. If the Commission accepts this Agreement in its entirety and incorporates the same into a final order without material modification, the Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

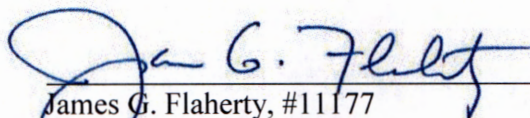
E. INTERDEPENDENT PROVISIONS

29. The provisions of this Agreement have resulted from negotiations among the Parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Agreement in total, the Agreement shall be voidable and no party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in such event, this Agreement shall be considered privileged and not admissible in evidence or made a part of the record in any proceeding.

F. SUBMISSION OF DOCUMENTS TO THE COMMISSION OR STAFF

30. To the extent this Agreement provides for information, documents or other data to be furnished to the Commission or Staff, such information, documents or data shall be filed with the Commission and a copy served upon the Commission's Director of Utilities. Such information, documents, or data shall be marked and identified with the docket number of this proceeding.

IN WITNESS WHEREOF, the Parties have executed and approved this Stipulated Settlement Agreement, effective as of the 21st day of February, 2023, by subscribing their signatures below.



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ATMOS ENERGY - SHARED SERVICES UNIT
SUMMARY OF DEPRECIATION RATES & ANNUAL ACCRUAL

Account	Description	9/30/19 Investment	Current Approved		Atmos Proposed-ELG			Staff Proposed-ALG			
			Accrual	Annual	Accrual	Annual	Difference	Accrual	Annual	Difference	Difference
			Rate	Accrual	Rate	Accrual	from Current	Rate	Accrual	from Current	from Company
A	B	C	D	E	F	G	H=G-E	I	J=C*I	K=J-E	L=J-G
39000	Structures & Improvements	35,954,768	2.33%	837,746	2.38%	857,131	19,385	1.90%	683,065	(154,681)	(174,066)
39009	Improvements - Leased	12,035,696	3.12%	375,514	5.13%	617,787	242,273	5.24%	630,658	255,144	12,872
39100	Office Furniture & Equipment	9,098,413	3.69%	335,731	6.60%	600,829	265,098	6.26%	569,112	233,380	(31,717)
39200	Transportation Equipment	103,416	6.47%	6,691	6.29%	6,508	(183)	4.98%	5,150	(1,541)	(1,358)
39400	Tools Shop And Garage Equipment	606,029	8.29%	50,240	13.04%	79,007	28,767	13.04%	79,033	28,793	26
39500	Laboratory Equipment	23,632	8.28%	1,957	9.70%	2,292	335	8.64%	2,042	85	(250)
39700	Communication Equipment	3,269,128	5.69%	186,013	6.72%	219,554	33,540	5.86%	191,468	5,454	(28,086)
39800	Miscellaneous Equipment	741,800	5.35%	39,686	7.24%	53,740	14,053	6.58%	48,821	9,134	(4,919)
39900	Other Tangible Equipment	295,692	12.70%	37,553	14.96%	44,241	6,688	14.48%	42,821	5,268	(1,420)
39901	Servers-Hardware	33,275,869	7.82%	2,602,173	13.30%	4,426,644	1,824,471	12.49%	4,157,569	1,555,396	(269,075)
39902	Servers-Software	12,446,587	7.18%	893,665	10.63%	1,323,468	429,803	10.31%	1,283,798	390,133	(39,670)
39903	Network Hardware	5,427,398	6.99%	379,375	10.34%	561,162	181,787	10.10%	548,309	168,934	(12,853)
39906	PC Hardware	3,181,360	10.15%	322,908	17.92%	570,020	247,112	16.36%	520,553	197,645	(49,467)
39907	PC Software	1,511,357	6.44%	97,331	10.75%	162,406	65,074	9.63%	145,544	48,212	(16,862)
39908	Application Software	211,721,688	5.11%	10,818,978	7.55%	15,989,991	5,171,013	5.80%	12,273,684	1,454,705	(3,716,308)
	Total	329,692,833		16,985,562	7.74%	25,514,780	8,529,218	6.42%	21,181,625	4,196,063	(4,333,155)

Sources:

Exhibit DAW-3

"Atmos SSU 2019 Accrual" provided in response to Staff 1-001.

**ATMOS ENERGY - SHARED SERVICES UNIT
CALCULATION OF DEPRECIATION ACCRUAL RATE**

Account	Description	9/30/19	9/30/19	Book	Future	Remaining	Calculated Annual	
		Investment	Book	Reserve	Net		Life	Rate
		A	B	C=B/A	D	E	F=(1-C-D)/E	G=A*F
39000	Structures & Improvements	35,954,768	7,245,549	20.15%	0%	42.03	1.90%	683,065
39009	Improvements - Leased	12,035,696	8,743,660	72.65%	0%	5.22	5.24%	630,658
39100	Office Furniture & Equipment	9,098,413	4,488,607	49.33%	0%	8.10	6.26%	569,112
39200	Transportation Equipment	103,416	53,934	52.15%	10%	7.60	4.98%	5,150
39400	Tools Shop And Garage Equipment	606,029	301,752	49.79%	0%	3.85	13.04%	79,033
39500	Laboratory Equipment	23,632	15,791	66.82%	0%	3.84	8.64%	2,042
39700	Communication Equipment	3,269,128	1,869,500	57.19%	0%	7.31	5.86%	191,468
39800	Miscellaneous Equipment	741,800	293,626	39.58%	0%	9.18	6.58%	48,821
39900	Other Tangible Equipment	295,692	100,002	33.82%	0%	4.57	14.48%	42,821
39901	Servers-Hardware	33,275,869	17,518,682	52.65%	0%	3.79	12.49%	4,157,569
39902	Servers-Software	12,446,587	6,541,118	52.55%	0%	4.60	10.31%	1,283,798
39903	Network Hardware	5,427,398	2,954,523	54.44%	0%	4.51	10.10%	548,309
39906	PC Hardware	3,181,360	1,489,562	46.82%	0%	3.25	16.36%	520,553
39907	PC Software	1,511,357	632,273	41.83%	0%	6.04	9.63%	145,544
39908	Application Software	211,721,688	87,880,219	41.51%	0%	10.09	5.80%	12,273,684
	Total	<u>329,692,833</u>	<u>140,128,799</u>	<u>42.50%</u>			<u>6.42%</u>	<u>21,181,625</u>

ATMOS ENERGY - SHARED SERVICES UNIT
PARAMETER REPORT

Account	Description	Current			Company Proposed				Staff Proposed			
		P.L. or AYFR	Iowa Curve Shape	Future Net Salvage	P.L. or AYFR	Iowa Curve Shape	ELG Rem. Life	Future Net Salvage	P.L. or AYFR	Iowa Curve Shape	ALG Rem. Life	Future Net Salvage
		A	B	C	D	E	F	G	H	I	J	K
39000	Structures & Improvements	40	R2	0%	50	R2	33.49	0%	50	R2	42.03	0%
39009	Improvements - Leased	20	R4	0%	20	R4	5.33	0%	20	R4	5.22	0%
39100	Office Furniture & Equipment	22	L4	0%	16	R4	7.67	0%	16	R4	8.10	0%
39200	Transportation Equipment	10	L2	10%	15	L2	6.01	10%	15	L2	7.60	10%
39400	Tools Shop And Garage Equipment	11	S6	0%	8	S6	3.85	0%	8	S6	3.85	0%
39500	Laboratory Equipment	10	R2	0%	10	R2	3.42	0%	10	R2	3.84	0%
39700	Communication Equipment	15	R5	0%	15	R2	6.37	0%	15	R2	7.31	0%
39800	Miscellaneous Equipment	15	S3	0%	15	S3	8.34	0%	15	S3	9.18	0%
39900	Other Tangible Equipment	7	R5	0%	7	R5	4.42	0%	7	R5	4.57	0%
39901	Servers-Hardware	9	R4	0%	8	R4	3.56	0%	8	R4	3.79	0%
39902	Servers-Software	9	S5	0%	10	R5	4.46	0%	10	R5	4.60	0%
39903	Network Hardware	10	SQ	0%	10	R4	4.41	0%	10	R4	4.51	0%
39906	PC Hardware	6	S3	0%	6	S3	2.97	0%	6	S3	3.25	0%
39907	PC Software	10	R3	0%	10	R3	5.41	0%	10	R3	6.04	0%
39908	Application Software	15	L1.5	0%	15	L1.5	7.74	0%	15	L1.5	10.09	0%

Atmos Energy - Colorado Kansas General Office
Depreciation Study as of September 30, 2021
Comparison of Parameters

Account	Description	Approved Parameters					Proposed Parameters				
		ASL	Curve	Salvage %	COR %	Net Salvage %	ASL	Curve	Salvage %	COR %	Net Salvage %
39009	Improvements to Leased Property	10	SQ	0%	0%	0%	20	SQ	0%	0%	0%
39100	Office Furniture and Equipment	15	R1.5	0%	0%	0%	20	R1.5	0%	0%	0%
39103	Office Machines	15	R1.5	0%	0%	0%	20	R1.5	0%	0%	0%
39200	Transportation Equipment	5	SQ	0%	0%	0%	10	L4	0%	0%	0%
39400	Tools, Shop, and Garage Equipment	9	S5	0%	0%	0%	10	S5	0%	0%	0%
39500	Laboratory Equipment	10	SQ	0%	0%	0%	10	S5	0%	0%	0%
39700	Communication Equipment	12	S5	0%	0%	0%	12	S5	0%	0%	0%
39800	Miscellaneous Equipment	8	L5	0%	0%	0%	8	L5	0%	0%	0%
39901	Servers Hardware	7	SQ	0%	0%	0%	7	R4	0%	0%	0%
39902	Servers Software	7	SQ	0%	0%	0%	7	R4	0%	0%	0%
39903	Network Hardware	8	SQ	0%	0%	0%	7	S6	0%	0%	0%
39906	PC Hardware	5	SQ	0%	0%	0%	4	SQ	0%	0%	0%
39907	PC Software	6	SQ	0%	0%	0%	4	SQ	0%	0%	0%

**Atmos Energy - Colorado Kansas General Office
Depreciation Study as of September 30, 2021
Calculation of Depreciation Accrual Remaining Life - ELG
With Reserve Reallocation**

Account	Description	Plant Balance	Allocated Book Reserve	Net Salvage %	Net Salvage Amount	Unaccrued Balance	Remaining Life	Annual Accrual	
								Amount \$	Rate %
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
39009	Improvements to Leased Premise	\$ 280,309.53	\$ 190,475.17	0%	\$ -	\$ 89,834.36	9.05	\$ 9,924.21	3.54%
39100	Office Furniture and Equipmen	399,117.90	253,207.10	0%	-	145,910.80	10.02	14,565.01	3.65%
39200	Transportation Equipmen	25,513.33	22,545.90	0%	-	2,967.43	2.95	1,005.05	3.94%
39700	Communication Equipmen	39,177.35	28,094.69	0%	-	11,082.66	4.99	2,219.87	5.67%
39901	Servers Hardware	48,327.95	44,982.59	0%	-	3,345.36	1.18	2,827.67	5.85%
39903	Network Hardware	121,151.02	95,484.04	0%	-	25,666.98	2.00	12,854.74	10.61%
39906	PC Hardware	122,046.67	77,709.20	0%	-	44,337.47	1.77	25,021.46	20.50%
39907	PC Software	32,412.01	29,610.41	0%	-	2,801.60	0.36	7,825.25	24.14%
	Total Depreciable Plant	\$ 1,068,055.76	\$ 742,109.10		\$ -	\$ 325,946.66		\$ 76,243.26	7.14%

Note: Accounts below have zero balance. Recommend the following whole life (1-NS%/ASL) rates for new additions.

39400	Tools, Shop and Garage Equipmer	10.00%
39800	Miscellaneous Equipmen	12.50%

Staff's Class Revenue Allocation							
Customer Classes	Current Revenue	% of Total Revenue	Class Rate of Return	Relative Rate of Return	Class Revenue Allocation \$ 2,200,000	Class % Increase	Proposed Revenue Allocation
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Residential Sales Service	\$ 47,064,272	71.5%	6.44%	0.96	\$ 1,581,535	3.360%	\$ 48,645,807
Commercial Sales Service	\$ 10,850,660	16.5%	8.36%	1.25	\$ 381,800	3.272%	\$ 12,050,034
Public Authority Sales Service	\$ 817,574	1.2%	8.36%	1.25			
School Sales Service	\$ 110,317	0.2%	4.35%	0.65	\$ 3,800	3.445%	\$ 114,117
Industrial Sales Service	\$ 110,794	0.2%	1.45%	0.22	\$ 4,100	3.701%	\$ 114,894
Small Generator Sales Service	\$ 42,462	0.1%	1.54%	0.23	\$ 1,560	3.674%	\$ 44,022
Large Industrial Sales Serv - Interruptible <20,000	\$ 26,112	0.1%	-2.22%	(0.33)	\$ 3,150	4.257%	\$ 77,146
Large Industrial Sales Serv - Interruptible >20,000	\$ 47,884						
Irrigation Engine Sales Service	\$ 1,349,556	2.0%	1.92%	0.29	\$ 49,500	3.668%	\$ 1,399,056
TOTAL Sales	\$ 60,419,631	91.8%			\$ 2,025,445	3.352%	\$ 62,445,076
Firm Transportation Serv Commercial	\$ 3,139,692	4.8%	9.47%	1.42	\$ 99,180	3.128%	\$ 3,238,872
School Transportation Service Post '95	\$ 742,538	1.1%	5.46%	0.82	\$ 25,215	3.396%	\$ 767,753
Firm Transportation Serv - Industrial	\$ 30,686	0.0%	9.47%	1.42			\$ 30,686
Irrigation Transportation	\$ 167,962	0.3%	11.42%	1.71	\$ 5,200	3.096%	\$ 173,162
	\$ -						
Interruptible Transportation Serv - Industrial <20,000	\$ 703,210	1.1%	6.29%	0.94	\$ 44,960	3.360%	\$ 1,383,083
Interruptible Transportation Serv - Industrial >20,000	\$ 634,913	1.0%	6.29%	0.94			
TOTAL Transportation	\$ 5,419,001	8.2%			\$ 174,555	3.221%	\$ 5,593,556
TOTAL: Sales and Transportation	\$ 65,838,632	100.0%	6.69%	1.00	\$ 2,200,000	3.342%	\$ 68,038,632

Atmos Revenue with Staff's Proposed Rates and Bill Count & Volumetric Usage

Customer Classes	Number of Bills	Total Volumes	Proposed Rates		Facilities Charge Revenue	Commodity Charge Revenue	Total Revenue	Proposed Revenue Allocation
			Facilities Charge	Commodity Charge				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(g)
Residential Sales Service	1,533,223	107,330,735	\$ 19.75	\$ 0.17110	\$ 30,281,152	\$ 18,364,289	\$ 48,645,441	\$ 48,645,807
Commercial Sales Service	111,108	36,736,199	\$ 50.00	\$ 0.15382	\$ 5,555,424	5,650,762	12,049,804	\$ 12,050,034
Public Authority Sales Service	7,897	2,917,609	\$ 50.00	\$ 0.15382	\$ 394,831	448,787		\$ -
School Sales Service	776	389,927	\$ 62.50	\$ 0.16830	\$ 48,516	65,625	114,141	\$ 114,117
Industrial Sales Service	162	604,941	\$ 104.00	\$ 0.16200	\$ 16,881	98,001	114,882	\$ 114,894
Small Generator Sales Service	874	1,928	\$ 50.00	\$ 0.16000	\$ 43,677	308	43,985	\$ 44,022
Large Industrial Sales Serv - Interruptible <20,000	16	240,000	\$ 330.00	\$ 0.09660	\$ 5,280	\$ 23,184	28,464	\$ 77,146
Large Industrial Sales Serv - Interruptible >20,000		590,000		\$ 0.08259		\$ 48,728	48,728	\$ -
Irrigation Engine Sales Service	3,199	9,196,930	\$ 100.00	\$ 0.11735	\$ 319,900	1,079,260	1,399,160	\$ 1,399,056
TOTAL Sales	1,657,255	158,008,270			\$ 36,665,661	\$ 25,778,944	\$ 62,444,605	\$ 62,445,076
Firm Transportation Serv Commercial	2,003	19,194,340	\$ 150.00	\$ 0.15305	\$ 300,450	\$ 2,937,694	\$ 3,238,144	\$ 3,238,872
School Transportation Service Post '95	2,860	2,832,611	\$ 109.00	\$ 0.16100	\$ 311,740	\$ 456,050	\$ 767,790	\$ 767,753
Firm Transportation Serv - Industrial	12	194,833	\$ 150.00	\$ 0.15305	\$ 1,800	\$ 29,819	\$ 31,619	\$ 30,686
Irrigation Transportation	313	1,227,269	\$ 143.00	\$ 0.10420	\$ 44,759	\$ 127,881	\$ 172,640	\$ 173,162
Interruptible Transportation Serv - Industrial <20,000	392	5,662,746	\$ 418.00	\$ 0.10690	\$ 163,856	\$ 605,348	\$ 769,204	\$ 1,383,083
Interruptible Transportation Serv - Industrial >20,000		8,005,461		\$ 0.07670		\$ 614,019	\$ 614,019	\$ -
TOTAL Transportation	5,580	37,117,261			\$ 822,605	\$ 4,770,811	\$ 5,593,416	\$ 5,593,556
TOTAL: Sales and Transportation	1,662,835	195,125,531			37,488,266	30,549,755	68,038,021	\$ 68,038,632

Atmos Revenue with Current Rates with Atmos's Bill Count & Volumetric Usage				
Customer Classes	Current Rates		Proposed Rates	
	Facilities Charge	Commodity Charge	Facilities Charge	Commodity Charge
SALES CLASSES	(c)	(d)	(c)	(d)
Residential Sales Service	20.20	0.14994	19.75	0.17110
Commercial Sales Service	47.64	0.15128	50.00	0.15382
Public Authority Sales Service	47.64	0.15128	50.00	0.15382
School Sales Service	58.47	0.16651	62.50	0.16830
Industrial Sales Service	90.82	0.15878	104.00	0.16200
Small Generator Sales Service	48.89	(0.12691)	50.00	0.16000
Large Industrial Sales Serv - Interruptible <20,000	347.13	0.08566	330.00	0.09660
Large Industrial Sales Serv - Interruptible >20,000		0.08116		0.08259
Irrigation Engine Sales Service	96.77	0.11308	100.00	0.11735
TRANSPORTATION CLASSES				
Firm Transportation Serv Commercial	142.15	0.14874	150.00	0.15305
School Transportation Service Post '95	102.29	0.15886	109.00	0.16100
Firm Transportation Serv - Industrial	142.15	0.14874	150.00	0.15305
Irrigation Transportation	143.15	0.10035	143.00	0.10420
Interruptible Transportation Serv - Industrial <20,000	482.66	0.09077	418.00	0.10690
Interruptible Transportation Serv - Industrial >20,000		0.07931		0.07670

CERTIFICATE OF SERVICE

23-ATMG-359-RTS

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 05/09/2023.

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CERTIFICATE OF SERVICE

23-ATMG-359-RTS

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