

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

**IN THE MATTER OF THE APPLICATION)
OF ATMOS ENERGY CORPORATION) Docket No.
FOR REVIEW AND ADJUSTMENT OF ITS) 23-ATMG-359-RTS
NATURAL GAS RATES)**

DIRECT TESTIMONY OF ROB R. LEIVO

SEPTEMBER 9, 2022

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Rob R. Leivo. My business address is 6606 66th St, Lubbock, TX
4 79424.

5 **Q. BY WHOM ARE EMPLOYED AND WHAT IS YOUR POSITION?**

6 A. I am currently employed by Atmos Energy Corporation (“Atmos Energy” or
7 “Company”) as Vice President of Marketing for the Company’s West Texas
8 Division. However, during the test period for this proceeding I was employed as
9 the Vice President of Marketing for the Company’s Colorado-Kansas Division

10 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

11 A. I am testifying on behalf of Atmos Energy’s Colorado-Kansas Division.

12 **Q. PLEASE SUMMARIZE YOUR CURRENT RESPONSIBILITIES AND
13 PROFESSIONAL AND EDUCATIONAL BACKGROUND.**

14 A. I received a B.S. in Business Administration from New Mexico State University in
15 May of 1992. I was hired by Atmos Energy in March of 2009 as a Marketing
16 Development Specialist, and I was promoted to Sales Manager of the West Texas
17 Division in March 2013. I became an Operations Manager in the Mid-Tex Division
18 in October 2016. I was promoted to Vice President of Marketing for the Colorado-
19 Kansas Division in May of 2018 and assumed my current role in August of 2022.

20 **Q. HAVE YOU SUBMITTED TESTIMONY BEFORE THIS OR ANY OTHER
21 REGULATORY COMMISSION?**

22 A. Yes, I have previously filed testimony before the Colorado Public Utilities
23 Commission and the Kansas Corporation Commission (“Commission”).

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

2 A. I provide testimony addressing three primary topics: (1) proposed electronic
3 communication changes for transportation customers that would require the use of
4 Electronic Flow Measurement (“EFM”) and no longer allow for Automated Meter
5 Reading (“AMR”); (2) proposed minimum usage requirements for new
6 transportation customers; and (3) proposed changes that would require all
7 transportation customers to electronically communicate with the Company over
8 Company administered wireless phone plans. These changes are included in the
9 tariffs that are included in the Company’s filing in Section 18.

10 **Q. WHY IS THE COMPANY PROPOSING THESE CHANGES TO ITS**
11 **TRANSPORTATION SERVICE?**

12 A. The Company is proposing the EFM and minimum usage requirements as a direct
13 result of its and its customers’ experiences in Winter Storm Uri in February 2021.
14 The proposed requirement that customers use Company-administrated wireless
15 phone plans for telemetry is for enhanced reliability and cybersecurity purposes.

16 **II. REQUIRED USE OF ELECTRONIC FLOW MEASUREMENT**

17 **Q. HOW DO THE COMPANY’S TRANSPORTATION CUSTOMERS**
18 **CURRENTLY COMMUNICATE THEIR USAGE TO THE COMPANY?**

19 A. The majority of the Company’s transportation customers, approximately 262, have
20 AMR technology. Approximately 213 transportation customers already use EFM.
21 37 transportation customers have neither.

22 **Q. WHAT IS THE DIFFERENCE BETWEEN EFM AND AMR?**

23 A. EFM is essentially real-time telemetry. It allows the Company, the customer, and

1 other parties with permission, for example a marketer, to remotely monitor a
2 customer's usage. AMR, while cheaper to install, does not allow the remote
3 monitoring and tracking of usage in real-time. EFM also stores data for 30 days,
4 which allows the Company a reasonable opportunity to capture and review data
5 after a curtailment event or other usage restriction. While data can be captured from
6 a AMR device, it is not an automated process and the data is only accessible for a
7 day or two, which can be insufficient time to capture all of the needed information,
8 particularly in the midst of a multi-day event such as Winter Storm Uri.

9 **Q. WHY DOES THE COMPANY BELIEVE IT IS REASONABLE TO**
10 **REQUIRE TRANSPORTATION CUSTOMERS TO USE EFM?**

11 A. Primarily because of situations where daily or intra-day imbalance resolution is
12 relevant. Upstream pipelines can issue Operational Flow Orders ("OFOs") that
13 require maintaining hourly balances between receipts and deliveries. With AMR, it
14 is not possible to know if a customer is maintaining balance in real time. Thus, EFM
15 makes it easier for the Company to accurately pass-through upstream pipeline
16 penalties and protect our sales customers from bearing costs that should be borne
17 by transportation customers that fail to avoid imbalances.

18 **Q. IS THE COMPANY PROPOSING ANY EXCEPTIONS TO THE**
19 **REQUIREMENT FOR ALL TRANSPORTATION CUSTOMERS TO**
20 **HAVE EFM?**

21 A. Yes. Certain smaller meters that were aggregated together and irrigation customers
22 would continue to be excepted from this requirement. These customers did not
23 cause concerns during Winter Storm Uri in February 2021.

1 **Q. HOW OFTEN ARE OFOs OR OTHER SUCH SIMILAR USAGE**
2 **LIMITATIONS ISSUED?**

3 A. These situations are rare, however, the cost impacts can still be significant, even if
4 the event itself is of short duration. Had Southern Star Central Gas Pipeline, Inc.
5 not voluntarily waived its penalties from Winter Storm Uri, the imbalance penalties
6 would have been millions of dollars.

7 **Q. HOW DOES THE COMPANY PROPOSE TO MIGRATE ITS**
8 **TRANSPORTATION CUSTOMERS TO EFM?**

9 A. Atmos Energy understands that it will require time and money to potentially move
10 hundreds of customers to EFM. Also, while hourly and daily balancing can
11 potentially be required at any time, they are far more likely to be needed in the
12 winter season. Accordingly, Atmos Energy is proposing that all transportation
13 customers be required to have EFM installed by November 1, 2024 or move to sales
14 service. This should provide adequate time for an orderly transition for customers
15 that choose to remain transportation customers, allowing for installation of new
16 equipment and unwinding purchase and sales agreements with marketers.

17 **Q. WHAT IS THE COST TO INSTALL EFM?**

18 A. The current cost is approximately \$4,000 per installation. However, only certain
19 types of meters can accommodate EFM. If a customer does not already have a large
20 enough meter, they would also have to upgrade their meter, which could cost tens
21 of thousands of dollars more. The Company is additionally proposing to eliminate
22 the option for customers to elect an additional monthly charge in exchange for the
23 Company installing EFM equipment.

1 **Q. WHY IS THE COMPANY PROPOSING TO ELIMINATE THE OPTION**
2 **FOR CUSTOMERS FINANCE EFM INSTALLATION THROUGH ATMOS**
3 **ENERGY?**

4 A. Primarily because the cost to install EFM has continued to increase. If the
5 Commission were to reject the proposal to remove this option from the Tariff, the
6 Company would argue that the monthly charge would need to be negotiated with
7 each individual customer based upon the actual installation costs at that time.

8 **III. MINIMUM USAGE REQUIREMENTS**

9 **Q. WHAT ARE THE CURRENT VOLUMETRIC REQUIREMENTS FOR**
10 **THE COMPANY'S TRANSPORTATION CUSTOMERS?**

11 A. Atmos Energy does not currently have a minimum usage requirement in order to
12 be a transportation customer in Kansas.

13 **Q. IS THIS TYPICAL IN KANSAS?**

14 A. I would say Atmos Energy is an outlier. Kansas Gas Service and Black Hills Energy
15 both have minimum usage requirements in order to be eligible to take transportation
16 service under their tariffs.

17 **Q. WHAT MINIMUM USAGE REQUIREMENTS IS THE COMPANY**
18 **PROPOSING FOR ITS TRANSPORTATION SERVICE?**

19 A. Atmos Energy is proposing that customers must use at least 2,000 Dth/month in
20 one of the 12 preceding months or at least 6,000 Dth/year in the preceding year in
21 order to qualify for transportation service.

22 **Q. HOW WOULD THE COMPANY APPLY THIS REQUIREMENT TO**
23 **EXISTING TRANSPORTATION CUSTOMERS?**

1 A. Atmos Energy would propose to grandfather in all existing transportation
2 customers, regardless of their usage. However, these customers would still be
3 required to comply with the proposed EFM requirements. For a number of smaller
4 volume customers, it would likely not make economic sense for them to install
5 EFM in order to remain transportation customers. However, that would ultimately
6 be their choice.

7 **Q. HOW DID THE COMPANY ARRIVE AT THE MONTHLY AND ANNUAL**
8 **USAGE LIMITS THAT IT IS PROPOSING?**

9 A. The Company considered that the meters capable of supporting EFM are generally
10 larger meters that are installed for customers that anticipate an hourly load of 2200
11 cf. The Company then considered what the likely usage for a customer with such a
12 meter would be to arrive at the proposed thresholds. The reason there are both
13 monthly and annual thresholds and a customer need only meet one of them is to
14 allow high-volume seasonal users that do not meet annual thresholds to qualify for
15 transportation service.

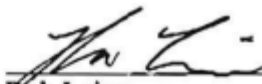
16 **Q. ARE THERE OTHER REASONS FOR PROPOSING A MINIMUM USAGE**
17 **REQUIREMENT?**

18 A. Yes, and it relates to Winter Storm Uri. During that event, we saw a number of
19 smaller transportation customers fail to modify their usage to match nominations
20 and restrictions. In my opinion, below a certain threshold, it is not practical for a
21 customer to be a transportation customer. Again, had Southern Star Central Gas
22 Pipeline, Inc. not voluntarily waived its penalties from Winter Storm Uri, the
23 imbalance penalties would have crippled many of these smaller users.

VERIFICATION

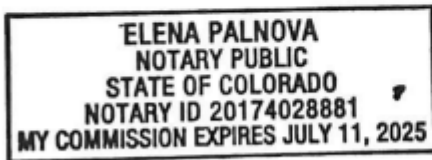
STATE OF COLORADO)
)
COUNTY OF DENVER)

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



Rob Leivo

Subscribed and sworn before me this 24th day of August, 2022.





Notary Public

My appointment expires: July 11, 2025