

Decision No. C24-0308

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24A-0126G

IN THE MATTER OF ATMOS ENERGY CORPORATION'S APPLICATION FOR AN ORDER APPROVING SYSTEM SAFETY AND INTEGRITY COSTS RECOVERED THROUGH THE SYSTEM SAFETY AND INTEGRITY RIDER FROM JANUARY 1, 2023 THROUGH DECEMBER 31, 2023.

**COMMISSION DECISION GRANTING APPLICATION
AND DEEMING APPLICATION COMPLETE**

Mailed Date: May 6, 2024
Adopted Date: May 1, 2024

I. BY THE COMMISSION

A. Statement

1. By this Decision, we grant the Verified Application (Application), filed on March 15, 2024, by Atmos Energy Corporation (Atmos or Company). The Application requested a Commission Decision approving treatment of actual costs incurred for work performed under Atmos' System Safety and Integrity Rider (SSIR) during the 2023 construction cycle.

2. The Company's SSIR was originally approved in Proceeding No. 15AL-0299G, authorizing the SSIR for the recovery of capital investments associated with pipeline integrity projects for an initial three-year term ending December 31, 2018, Decision No. R15-1146. Atmos Energy was also required to make certain annual filings with the Commission, including filing its SSIR Cost Recovery Prudence Review no later than April 30 of each year. In Decision No. C15-1187, the Commission allowed the first SSIR to take effect on January 1, 2016, and otherwise affirmed Decision No. R15-1146 regarding the SSIR.

3. In Atmos Energy's 2017 Phase I rate case, the Company requested to extend the existing SSIR for five more years (from January 1, 2019 through December 31, 2023) and to continue the same SSIR filing and review process as initially approved by the Commission in Proceeding No. 15AL-0299G. Decision No. R18-0014 approved the five-year extension of the SSIR (with the 2.5 percent per year limit on bill increases for sales customers), continued the same SSIR filing, and review process initially approved by the Commission.

4. By Decision No. R18-0818, the Commission approved a stipulation and settlement agreement which supported approval of the Company's 2017 actual SSIR costs (as set forth in the application and supporting testimony and attachments) and modified future SSIR filings, including the requirements for the SSIR Cost Prudency Review and True-Up Report to be filed on March 15 of each year.

5. In Proceeding No. 22AL-0348G, the Commission approved a two-year extension to the SSIR with a return on SSIR investments during the two-year extension period (2024-2025) at the Company's weighted average cost of long-term debt in Decision No. R23-0181 at ¶¶ 49-51; Decision No. C23-0293 at ¶ 25.

6. The Application requests the Commission approve capital expenditures incurred by Atmos for system safety and integrity investments between January 1, 2023, through December 31, 2023. To justify its request, the Application included a report (labeled Confidential Attachment A) that documented six SSIR bare steel and PVC projects completed in 2023 and the GIS record entry (including a comparison of estimated activities and actual activities), provides an explanation of the SSIR revenue requirement calculation, and trues-up the SSIR by matching the final costs with revenues collected.

7. Atmos Energy's 2023 SSIR collected \$988,081 more than the actual SSIR costs incurred by Atmos Energy through December 31, 2023. The SSIR rate in effect during 2023 was updated effective May 13, 2023, to reflect the transfer of SSIR investments through 2021 into the Company's base rates and the lower rate of return approved in Proceeding No. 22AL-0348G. As a result, the Company provided two separate true-up calculations with this SSIR filing. The first true-up calculation reflects the collected and actual SSIR costs from January 1, 2023 through May 12, 2023, resulting in an over-collection of \$339,134. The second true-up calculation reflects the collected and actual SSIR costs from May 13, 2023 through December 31, 2023, resulting in an over-collection of \$648,947. The combination of the two separate true-up calculations for 2023 results in the overall true-up amount of \$988,081. A true-up of \$988,081 will be reflected in the Company's SSIR filing for 2025.

8. If granted, the request will have no immediate impact on customer rates, as any additional rate change associated with further SSIR investments and true ups discussed in this filing will occur via an Advice Letter filed with the Commission on November 1, 2024, wherein projected 2025 SSIR rates will be established.

9. The Commission has reviewed Atmos' 2023 SSIR costs through actions of its Staff. No party has intervened or opposed the Application, and therefore the Commission concludes submitted 2023 SSIR costs were prudently incurred.

II. ORDER

A. The Commission Orders That:

1. The Application for Approval of 2023 System Safety and Integrity Rider costs filed by Atmos Energy Corporation in its March 15, 2024, the Application is granted and deemed complete, for purposes of § 40-6-109.5, C.R.S.

2. The 20-day time period provided by § 40-6-114, C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the effective date of this Decision.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING-
May 1, 2024.**

(S E A L)



ATTEST: A TRUE COPY

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners

Rebecca E. White,
Director