

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 21A-0063G

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY CORPORATION FOR AN ORDER GRANTING IT CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR A NEW SERVICE TERRITORY AND FOR THE CONSTRUCTION OF FACILITIES TO SERVE THE PROPOSED SERVICE TERRITORY.

**COMMISSION DECISION GRANTING
CERTIFICATES OF PUBLIC
CONVENIENCE AND NECESSITY FOR AN EXTENSION
TO ATMOS ENERGY'S SERVICE TERRITORY AND THE
CONSTRUCTION OF NEW FACILITIES REQUIRED TO
SERVE A NEW CUSTOMER IN THE EXTENDED
SERVICE TERRITORY; AND GRANTING WAIVER
OF THE RULE 4002(B)(IX) REQUIREMENT TO PROVIDE
COLORADO SPECIFIC AUDITED FINANCIALS.**

Mailed Date: March 18, 2021

Adopted Date: March 17, 2021

I. BY THE COMMISSION

A. Statement

1. Atmos Energy Corporation (Atmos Energy or Company), on February 2, 2021, filed a verified application (Application) for Certificates of Public Convenience and Necessity (CPCNs) for: (1) a new service territory to the east of Atmos Energy's existing service territory in Weld County, Colorado, and (2) the construction of the new facilities required to serve a new customer in the proposed service.

2. In its Application, Atmos Energy also requests a waiver of the requirement in Rule 4002(b)(IX) of the Commission's Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* (CCR) 723-4, to provide Colorado-specific audited financial information.

3. Through this Decision, the Commission grants CPCNs for: (1) the new service territory to the east of Atmos Energy's existing service territory in Weld County, Colorado, and (2) the construction of the new facilities required to serve a new customer in the new service territory.

4. The Commission further approves the waiver of the requirement in Rule 4002(b)(IX), 4 CCR 723-4, to provide Colorado-specific audited financial information.

B. Background

5. On February 3, 2021, the Commission issued its Notice of the Application Filed (Notice) to interested parties. The Notice prescribed an intervention period of 30 days.

6. No interventions were filed in this proceeding. As a result, this application is uncontested.

7. In its Application, Atmos Energy states that it was approached by an unaffiliated third-party, CEA Greeley, LLC (CEA), about the development of a renewable natural gas (RNG) digester facility (Facility) to the east of the Company's existing service territory in Weld County, Colorado.¹

8. As part of that development, it is necessary for Atmos Energy to construct pipeline facilities that extend service to a dairy farm to the east of the Company's existing service territory in Eaton, Colorado to provide fuel for the boiler at the Facility. This farm will also be the location of a new RNG digester facility and pipeline interconnect.

¹ Application, p. 1.

9. The requested extension to Atmos Energy's territorial CPCN and the routing of the new facilities is detailed in Attachment A to the Application. The information is also provided as Attachment A to this Decision.

10. Once the Facility is operational, Atmos Energy expects to purchase pipeline quality RNG from the digester, at prices comparable to that of other sources of flowing natural gas, for use by the Company's customers.

11. Atmos Energy states that "CEA Greeley, LLC and/or its affiliates will finance the construction costs of the required facilities to extend service to the dairy farm and to take gas from the digester to Atmos Energy's distribution system in accordance with the Company's facilities extension policies."²

12. The Company further asserts that "this project represents an opportunity to support the production of RNG in Colorado to serve the Company's customers, at no risk of stranded costs to Atmos Energy or its customers, and provides an additional source of gas supply to the Company."

13. Atmos Energy proposes to provide natural gas distribution service pursuant to its Commission-approved tariff, Colorado P.U.C. No. 7 – Gas.

14. Included in the Application is a request for waiver of Rule 4002(b)(IX), 4 CCR 723-4. Atmos states that it does not have Colorado-specific audited financial information as required by Rule 4002(b)(IX).

² *Id.*, p. 2

15. Atmos provided its most recent audited balance sheet, income statement, statement of retained earnings, statement of cash flows, and most recent Form 10-K filed with the U.S. Securities and Exchange Commission, which contain Atmos' financial information on a company-wide basis. Due to the financial burden that the production of Colorado-specific financial statements would place upon Atmos and its customers, we find good cause to grant Atmos' request to waive Rule 4002(b)(IX).

C. Discussion

16. Atmos Energy states that the new facility is “not expected to cause any significant increase to the Company’s rate base.”

17. Staff of the Colorado Public Utilities Commission (Staff) reviewed the CPCN Application and Attachments. Additionally, Staff reviewed the Interconnection Agreement between Atmos Energy and CEA and the Piping and Instrumentation Diagrams (P&ID).

18. The total estimated cost of the facilities required to serve the new customer is \$1.9 million, with an in-service date of Early Summer 2021, with the purchase of RNG beginning in late summer 2021.

19. On March 5, 2021, The Colorado Air Pollution Control Division issued an air permit exemption for the proposed facility.

20. Atmos Energy has requested "...that the Commission accept the Company's most recent audited balance sheet, income statement, statement of retained earnings, and statement of cash flows, as included in Atmos Energy's most recent Form 10-K, in lieu of a feasibility study."³ Considering that the Application was accompanied by a sworn statement verifying sufficient facts and supported by attachments, and that no intervention or protest was filed in opposition, the filing will be considered uncontested and will be determined without a hearing and without further notice pursuant to Rule 4 CCR 723-1-1403.

21. Due to the financial burden that the production of Colorado-specific financial statements would place upon Atmos and its customers, we find good cause to grant Atmos' request to waive the requirement in Rule 4002(b)(IX), 4 CCR 723-4, to provide Colorado-specific audited financial information.

22. Extending natural gas service to the new customer east of Eaton is in the public interest. Therefore, the Commission finds that the application is in the public interest and should be granted.

II. ORDER

A. It Is Ordered That:

1. The Application filed by Atmos Energy Corporation (Atmos Energy) for Certificates of Public Convenience and Necessity for the new service territory as detailed in Attachment A to this Decision and for the construction of facilities to serve the new customer in the extended service territory is granted.

³ *Id.*, p. 4.

2. Atmos Energy's request for a waiver of the requirement in Rule 4002(b)(IX) of the Commission's Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* 723-4, to provide Colorado-specific audited financial information, is granted.

3. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

4. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
March 17, 2021.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners