

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 21A-0186G

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY CORPORATION FOR AN ORDER AUTHORIZING IT TO RECOVER THE COSTS ASSOCIATED WITH THE FEBRUARY 2021 EXTREME WEATHER EVENT THROUGH THE COMPANY'S GAS COST ADJUSTMENT MECHANISM.

**INTERIM DECISION DENYING REQUEST FOR
SHORTENED NOTICE AND INTERVENTION PERIOD**

Mailed Date: May 21, 2021

Adopted Date: May 19, 2021

I. BY THE COMMISSION

A. Statement

1. This Decision denies the request for a shortened notice and intervention period for the Application of Atmos Energy Corporation (Atmos or Company) for authorization to recover the costs associated with the February 2021 extreme weather event through its Gas Cost Adjustment (GCA) mechanism.

2. Requests to intervene in this matter instead shall be filed in accordance with the Notice of Application Filed issued by the Commission on May 19, 2021.

B. Discussion

3. The Commission opened Proceeding No. 21M-0130EG by Decision No. C21-0179, issued on March 23, 2021, to commence its consideration of the impacts of the extreme weather event on the revenue requirements and rates of Colorado's investor-owned electric and natural gas utilities including Atmos. The Commission prohibited Atmos and the other utilities from addressing the recovery of the extraordinary costs of the February extreme

weather event through the normal course of the implementation of their GCA rate mechanisms and instead directed the utilities to isolate the extraordinary costs associated with the February extreme weather for the purpose of proposing discrete methods for cost recovery in separate, utility-specific proceedings.

4. By Decision No. C21-0261, issued on April 30, 2021 in Proceeding No. 21M-0130EG, the Commission permitted Atmos and the other Colorado utilities to file applications to address the recovery of the costs incurred as a result of the February 2021 weather event from their customers through rates. The Commission required such application filings to include certain information as set forth in that decision.

5. On May 14, 2021, Atmos submitted the Application for consideration by the Commission. Atmos filed the Application in accordance with Decision No. C21-0261.

6. In the Application, Atmos explains that the extraordinary costs related to the February weather event summed to approximately \$23.5 million. Atmos further explains that the extreme weather event resulted in different impacts to the Company's three GCA divisions: North, Southeast, and Southwest.

7. For the Southwest rate division, Atmos proposes to recover the February gas costs over 12 months through its GCA effective October 1, 2021, consistent with the normal GCA rules.

8. For the North and Southeast rate divisions, Atmos proposes to recover the February gas costs over 36 months, with a carrying cost of the Company's weighted average cost of capital, through its GCA effective October 1, 2021. Atmos states that, alternatively, if the Commission does not want to allow Atmos to recover a carrying cost as part of the extended

recovery, the Company proposes to recover those costs from the North and Southeast rate divisions over 12 months through its regular GCA filing, as proposed for the Southwest division.

9. Atmos requests a shortened notice and intervention period for the Application. Atmos seeks a final decision from the Commission by August 27, 2021 to accommodate new annual GCA rates effective October 1, 2021.

C. Findings and Conclusions

10. We deny Atmos' request for a shortened notice and intervention period.

11. In comments filed in Proceeding No. 21M-0130EG, Atmos stated that timelines and processes for the recovery of the extraordinary gas costs incurred from the February weather event should be determined on a utility-by-utility basis. Atmos explained that it files its regular annual GCA filing in September of each year, to be effective in October. Atmos therefore asked the Commission to render an order for Atmos' forthcoming application addressing the recovery of the costs related to the February 2021 weather event no later than August 27, 2021. Atmos stated that by reaching a decision in advance of the Company's annual GCA filing, the Commission would allow the results of that decision to be implemented with the Company's regularly scheduled GCA filing. Atmos argued that the ability to reflect the outcome of its separate, utility-specific proceeding at that time will reduce overall GCA filings and promote an efficient use of both the Company's and the Commission's resources. Atmos further argued that a decision on the forthcoming application also would allow for recovery to begin with the beginning of the 2021 through 2022 heating season, when its customers' usage profiles will more closely match that of the period in which the gas costs were incurred.¹

¹ Comments of Atmos Energy Corporation, filed on April 2, 2021, Proceeding No. 21M-0130EG.

12. Staff of the Colorado Public Utilities Commission (Staff) also suggested in Proceeding No. 21M-0130EG, that, in terms of initial procedures for Atmos and the other Colorado utility applications addressing cost recovery related to the February 2021 weather event, the Commission should establish shortened notice and intervention periods. Staff stated a preference for these application proceedings to be resolved prior to the 2021 through 2022 heating season to ensure that, to the extent practicable, any approved cost recovery is borne by those taking service on the utility system when the costs were incurred.²

13. By Decision No. C21-0261, the Commission rejected Atmos' initial request for an expedited decision and Staff's suggestion for shortened notice and intervention periods for the forthcoming utility cost recovery applications related to the February 2021 weather event. The Commission instead determined that it would receive the applications and issue notices of the utilities' filing of the applications in accordance with Commission rules.³

14. Rule 723-1-1206 of the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1, establishes the intervention period for notices mailed by the Commission to expire 30 days after the mailing date.

15. Rule 723-1-1303(c) further addresses the statutory timeline for Commission decisions on applications pursuant to § 40-6-109.5, C.R.S. That statute normally affords the Commission up to 250 days from the date an application is deemed complete for the Commission to issue its decision on the application, where the deadline for determining the completeness of the application ties to the expiration of the application's notice period.

² Comments of the Staff of the Colorado Public Utilities Commission, filed April 9, 2021, Proceeding No. 21M-0130EG.

³ Decision No. C21-0261, issued April 30, 2021, Proceeding No. 21M-0130EG, ¶ 28.

16. In its Application filed in the instant case, Atmos provides no additional justification for a shortened notice and intervention period than was already considered by the Commission in Proceeding No. 21M-0130EG. Atmos further points to no changed circumstances surrounding its Application to support expedited procedures that differ from those determined by the Commission in Decision No. C21-0261.

17. Requests to intervene in this matter shall be filed in accordance with the Notice of Application Filed issued by the Commission on May 19, 2021.

II. ORDER

A. It Is Ordered That:

1. The request of Atmos Energy Corporation to shorten the notice and intervention period for the Application for authorization to recover the costs associated with the February 2021 extreme weather event through its Gas Cost Adjustment mechanism, filed on May 14, 2021, is denied.

2. Any person desiring to intervene or participate as a party in this proceeding shall file a petition for leave to intervene, or under the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1, file other appropriate pleadings to become a party, in accordance with the Notice of Application Filed issued by the Commission on May 19, 2021.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 19, 2021.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

JOHN GAVAN

MEGAN M. GILMAN

Commissioners