

Decision No. C25-0372

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0150FG

IN THE MATTER OF ATMOS ENERGY CORPORATION'S APPLICATION FOR AN ORDER GRANTING TO IT A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXERCISE FRANCHISE RIGHTS IN THE CITY OF SALIDA, CHAFFEE COUNTY, COLORADO.

COMMISSION DECISION DEEMING APPLICATION COMPLETE AND GRANTING APPLICATION, AND GRANTING MOTION FOR WAIVER

Issued Date: May 14, 2025
Adopted Date: May 7, 2025

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of a Verified Application filed by Atmos Energy Corporation (“Atmos Energy,” “Atmos,” or the “Company”) on April 2, 2025, for a Certificate of Public Convenience and Necessity (“CPCN”) to exercise franchise rights in the City of Salida, Chaffee County, Colorado (“Salida” or the “City”).

2. Atmos Energy also requests a waiver of Commission Rule 4002(b)(IX) of the Rules Regulating Gas Utilities, 4 *Code of Colorado Regulation* (“CCR”) 723-4.

3. The Commission provided notice of this Application on April 3, 2025, to all interested persons, firms, and corporations. No petition to intervene or notice of intervention has been filed, and thus the Application is uncontested. Accordingly, the Application will be

determined without a formal hearing in accordance with § 40-6-109(5), C.R.S., and Rule 1403, 4 CCR 723-1 of the Commission's Rules of Practice and Procedure.

4. Atmos Energy is engaged in, *inter alia*, the transmission, purchase, distribution, and sale of natural gas service in its certificated areas in the State of Colorado. The City is located within such certificated areas.

5. Atmos Energy requests the Commission issue a Decision granting it a CPCN to exercise franchise rights in Salida. Pursuant to Ordinance No. 2025-4, adopted March 4, 2025, the City granted Atmos Energy a 15-year franchise to provide natural gas service within Salida, which took effect April 4, 2025 and expires April 4, 2040.

6. On November 18, 1963 Salida passed and adopted Ordinance No. 1963-7, granting Atmos' predecessor, Salida Gas Service Company, a franchise to provide natural gas service within Salida. On December 19, 1963, the Commission, in Decision No. 61992, Application No. 20162, granted Salida Gas Service Company a CPCN to exercise franchise rights as described in Ordinance No. 1963-7. On December 18, 1979, the CPCN was transferred to Greeley Gas Company through Decision No. 79-1964, Application No. 32263.

7. On September 6, 1983, Salida passed and adopted Ordinance No. 1983-14, granting Atmos' predecessor, Greeley Gas Company, a franchise to provide natural gas service within Salida. On November 22, 1983, the Commission, in Decision No. C83-1779, Application No. 35878 granted Greeley Gas Company a CPCN to exercise franchise rights as described in Ordinance No. 1983-14.

8. On August 18, 2008, Salida passed and adopted Ordinance No. 2008-25, granting Atmos Energy a franchise to provide natural gas service within Salida. On November 21, 2008,

the Commission, in Decision No. C08-1212, Application No. 08A-450FG, granted Atmos Energy a CPCN to exercise franchise rights as described in Ordinance No. 2008-25.

9. A utility wishing to exercise any franchise agreement or privileges entered into with a municipality must obtain a CPCN from the Commission pursuant to § 40-5-102, C.R.S. When the municipality and utility enter into a franchise agreement, that agreement must be submitted to the Commission for approval. *See* § 40-5-102, C.R.S. Such applications allow the Commission to review franchise agreements to ensure that the terms are reasonable and in the public interest.

10. The Commission understands the utility and the municipality may want to revise the terms established in a franchise agreement at some point in the future and that existing franchise agreements have scheduled expiration dates. Upon negotiation of a new or amended franchise agreement, the utility shall return to the Commission in a timely manner to obtain authorization to implement the provisions of the new franchise agreement. In the event that this franchise is not renewed at the expiration of its term or is terminated for any reason, the Company is directed to notify the Commission in a timely manner.

11. According to the franchise agreement, as consideration for the franchise rights granted and in recognition of Atmos' right to use the City streets, the City requires Atmos Energy to collect and remit to the City a franchise fee equal to 5 percent of all revenues received from the sale of natural gas service within the City, excluding revenues received from the City for the sale of natural gas service to the City.

12. No other utility is authorized to provide natural gas utility service within the areas for which Atmos seeks a certificate in this application.

13. We find the franchise is required by public convenience and necessity and the terms of the franchise agreement are just, reasonable, and in the public interest. However, in the event that issues of revenue requirement, cost allocation, and rate design are implicated by any provision of the franchise agreement, those issues will be analyzed in an appropriate Commission proceeding. Approval of the franchise agreement does not constitute approval of, or precedent regarding any principle or issue in revenue requirement, cost allocation, or rate design in any natural gas adjustment, refund, or rate case proceedings.

14. Atmos Energy, and its predecessors, have provided gas services in the City since 1963, subject to a relevant franchise agreement. Because the areas encompassed by the above-mentioned franchises are currently served by Atmos Energy, the Company is not required to provide a feasibility study for each area as set forth in Rule 4100(b)(VI), 4 CCR 723-4 of the Commission's Rules Regulating Gas Utilities.

15. We find that Atmos Energy has the financial ability and is qualified and competent to conduct the utility operations sought under its application.

16. Atmos' natural gas service tariffs, currently on file with the Commission, will be used for service under this application.

17. Providing uninterrupted service to the residents of Salida is in the public interest. Therefore, the Commission finds that the application is in the public interest and should be granted.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Atmos Energy Corporation, ("Atmos Energy" or "Atmos") for a Certificate of Public Convenience and Necessity ("CPCN") to exercise franchise

rights pursuant to Ordinance No. 2025-4 in the City of Salida, is deemed complete for purposes of § 40-6-109.5, C.R.S., and is granted.

2. The grant of the CPCN to operate under the terms of this franchise agreement is in the public interest and in accordance with the terms of § 40-5-102, C.R.S.

3. The request by Atmos Energy to waive Rule 4002(b)(IX), 4 *Code of Colorado Regulations* (“CCR”) 723-4, due to a financial burden on Atmos and its customers, is granted.

4. The franchise shall remain in effect for a period of 15 years and terminates on April 4, 2040.

5. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an Application for Rehearing, Reargument, or Reconsideration shall begin on the first day after the Commission issues this Decision.

6. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 7, 2025.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

TOM PLANT

Commissioners