

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )      CASE NO.  
FILING OF ATMOS ENERGY CORPORATION )      2022-00418

ORDER

On December 29, 2022, Atmos Energy Corporation (Atmos) filed its Gas Cost Adjustment (GCA) to be effective February 1, 2023. Atmos's previous GCA rate was approved in Case No. 2022-00307.<sup>1</sup> Pursuant to its Performance-Based Rate Mechanism tariff, Atmos filed its annual proposed Performance-Based Rate Recovery Factor (PBRRF) rate for the upcoming twelve-month period beginning February 1. The PBRRF rate is a component of the GCA rate proposed by Atmos for the February 1, 2023 effective date. In an Order issued by the Commission, in Case No. 2020-00289, Atmos's Performance-Based Rate Mechanism was modified and approved to be effective from June 20, 2022, through May 31, 2025.<sup>2</sup>

LEGAL STANDARD

The Commission's standard of review for GCA rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any

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<sup>1</sup> Case No. 2022-00307, *Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation* (Ky. PSC Oct. 31, 2022).

<sup>2</sup> Case No. 2020-00289, *Electronic Request of Atmos Energy Corporation for Modification and Extension of Its Gas Cost Adjustment Performance Based Ratemaking Mechanism* (Ky. PSC June 20, 2022).

costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.<sup>3</sup>

### DISCUSSION

Atmos's GCA rate report sets out a proposed Expected Gas Cost (EGC) for firm sales customers is \$6.9980 per Mcf, which is a decrease of \$1.5229 per Mcf from the previous EGC of \$8.5209 per Mcf. Atmos's proposed EGC for interruptible sales customers is \$5.8980 per Mcf, which is a decrease of \$1.4804 per Mcf from the previous EGC of \$7.3784 per Mcf. Atmos's report sets out no Refund Factor. Atmos's report sets out a proposed Correction Factor (CF) of \$1.1173 per Mcf, which is an increase of \$0.1980 per Mcf from its previous CF of \$0.9193 per Mcf. Atmos's report sets out a proposed PBRRF rate of \$0.2354 per Mcf, which is an increase of \$0.0923 per Mcf from its previous PBRRF rate of \$0.1431 per Mcf.

Based on the calculations above, Atmos's proposed GCA rates are \$8.3507 per Mcf for firm sales customers and \$7.2507 per Mcf for interruptible sales customers. The impact on firm sales customers is a decrease of \$1.2326 per Mcf from the previous GCA of \$9.5833 per Mcf. The impact on interruptible sales customers is a decrease of \$1.1901 per Mcf from the previous GCA of \$8.4408 per Mcf.

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<sup>3</sup> KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

Atmos is required to continue to file its GCA rates quarterly even if this case is not closed before the next quarter period. For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Atmos shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCA rate reports. Should Atmos purchase sustainable natural gas from a renewable source during the reporting period of any future GCA reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having reviewed the application and proposed tariff and being otherwise sufficiently advised, the Commission finds that an investigation is necessary to determine the reasonableness of the proposed PBRRF rate and that such investigation cannot be completed by February 1, 2023. Thus, pursuant to KRS 278.190(2), the Commission will suspend the effective date of Atmos' proposed GCA rate for one day until February 2, 2023 to give the Commission time to investigate the PBRRF portion of the GCA rate but to allow Atmos to begin charging the proposed GCA rate, pending a final Order and subject to refund, provided it provides written notice to Commission of its intention to do so as required by KRS 278.190(2).

To ensure that customers are properly refunded any potential over charges, if Atmos places its proposed GCA rates into effect, pending a final Order and subject to refund, the Commission finds, pursuant to KRS 278.190(2), that Atmos should maintain its records in a manner that will enable it, or the Commission, or any of Atmos's

customers, to determine the amounts to be refunded and to whom the refunds are due in the event a refund is ordered.

IT IS THEREFORE ORDERED that:

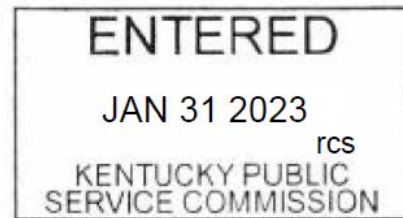
1. Atmos's proposed GCA rates are suspended for one day, February 1, 2023.
2. Atmos's proposed GCA rates may be placed in effect by Atmos on or after February 2, 2023, pending the final Order in this matter and subject to refund, provided Atmos provides written notice to the Commission of its intention to do so as required by KRS 278.190(2).
3. Within 20 days of Atmos providing written notice to the Commission of its intention to place the proposed GCA rates in effect on or after February 2, 2023, as required by KRS 278.190(2), Atmos shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets reflecting its rates and indicating that the rates are subject to refund pending the final resolution of Case No. 2022-00418.
4. If Atmos places the proposed GCA rates into effect, pending a final Order and subject to refund, Atmos shall maintain its records in a manner that will enable it, or the commission, or any of Atmos's customers, to determine the amounts to be refunded and to whom the refunds are due in the event a refund is ordered.
5. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

PUBLIC SERVICE COMMISSION

  
Chairman

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Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

Case No. 2022-00418

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