

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS)	CASE NO.
ENERGY CORPORATION FOR PERFORMANCE)	2024-00205
BASED RATEMAKING MECHANISM)	

ORDER

On June 24, 2024, Atmos Energy (Atmos) filed a notice of intent to file an application with the Commission seeking to extend its Performance-Based Ratemaking (PBR) mechanism.¹ On July 2, 2024, Atmos filed a motion requesting deviation from the three-week notice requirement in 807 KAR 5:011, Section 8(2)(b)(3).² Atmos requested that the Commission issue an order by July 19, 2024, so that Atmos would be able to file its application to extend the PBR mechanism with the Commission on July 22, 2024.³

Commission regulation 807 KAR 5:011, Section 8, establishes the notice requirements that utilities must provide “if a charge, fee, condition of service, or rule regarding the provision of service is changed, revised, or initiated and the change will affect the amount that a customer pays for service or the quality, delivery, or rendering of a customer’s service.” In the Commission’s March 11, 2024, Order in Case No. 2024-00012, the Commission stated that:

¹ Case No. 2024-00205, *Electronic Application of Atmos Energy Corporation for Performance Based Ratemaking Mechanism* (Ky. PSC June 24, 2024), Notice of Intent.

² Case No. 2024-00205, *Electronic Application of Atmos Energy Corporation for Performance Based Ratemaking Mechanism* (Ky. PSC July 2, 2024), Motion at 1.

³ Case No. 2024-00205, July 2, 2024 Motion at 1.

PBR mechanism renewals will require customer notice pursuant to 807 KAR 5:011, Section 8, because the expiration of the term of a rate calculation ends that rate and a renewal of that rate calculation is a new “charge” being “initiated” under 807 KAR 5:011, Section 8, regardless of whether the calculation is the same. Due to the variable nature of the natural gas market and its relation to set PBR benchmarks, the Commission and customers should receive adequate notice in order to have the opportunity to review the appropriateness of re-establishing the calculated rate.⁴

Additionally, 807 KAR 5:011, Section 8(2)(b)(3), requires that the notice be published “once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility’s service area.” Meanwhile, 807 KAR 5:011, Section 15 states that “[i]n special cases, for good cause shown, the commission shall permit deviations from this administrative regulation.” Pursuant to this language, granting or denying motions for deviation therefore rests within the broad discretionary authority of the Commission.

In support of its position, Atmos argued that the proposed filing to extend its PBR mechanism would not result in a change to the customer’s bill. Atmos also stated that publishing the notice for three consecutive weeks with the Kentucky Press service would cost an estimated \$25,888.20. However, if Atmos were permitted to publish notice only for a single week, the incurred cost would instead be \$8,629.40.⁵

While the Commission is aware of, and generally sensitive to, the costs utilities incur in filing applications, adequate notice to ratepayers is fundamental. Atmos cannot overcome that principle through a bare assertion that it will save money. Ratepayers are

⁴ Case No. 2024-00012, Electronic Application of Columbia Kentucky to Extend Performance Based Ratemaking Mechanism (Ky. PSC Mar.11, 2024) Order at 3.

⁵ Case No. 2024-00205, July 2, 2024, Motion at 3.

entitled to be informed of proposed utility actions, especially when as here, the ratepayers' may well be financially impacted by the outcome of the case. Therefore, the Commission denies Atmos' motion for deviation. Atmos will be required to publish notice in accordance with 807 KAR 5:011, Section 8.

IT IS THEREFORE ORDERED that Atmos's July 2, 2024 motion for deviation is denied.

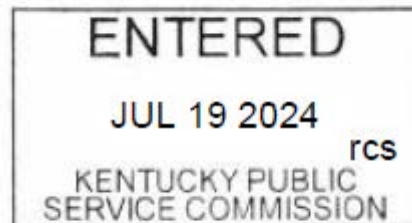

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