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KANSAS CORPORATION COMMISSION

CONSUMER ALERT

Atmos Energy Deferred 2021 Winter Weather Event Costs

On March 24, 2022, the Kansas Corporation Commission (KCC) approved a settlement agreement outlining how Atmos Energy will recover \$102 million in extraordinary costs incurred during last February's winter storm. The utility, like others regulated by the KCC, was ordered to do everything possible to continue providing natural gas service to its customers, defer the charges, and then develop a plan to allow customers to pay the unusually high costs over time to minimize the financial impact.

Under the terms of the settlement, Atmos will apply for Securitized Utility Tariff Bonds to obtain the most favorable financing to reduce costs to ratepayers. The 2021 Kansas Legislature passed the Utility Financing and Securitization Act, which allows utilities to use securitized bonds to pay for extraordinary costs at more favorable terms than traditional financing. The KCC will review the plan to ensure the lowest possible bond costs will be passed on to customers. The application and review process could take six to eight months.

On October 13, 2022, The Commission approved the settlement and financing order pertaining to the securitization process. Atmos was given authorization to issue securitized bonds to recover \$92.7 million in deferred costs and associated carrying costs. The use of securitization is expected to save ratepayers an estimated \$8.5 million compared to recovery through traditional rates.

The exact amount Atmos customers will see on their monthly bills won't be determined until the bonds are issued due to variables such as term and interest rate based on current market conditions. However, based on the interest rate estimates provided during the proceeding, it was estimated the monthly charge would be approximately \$5.78 per month over 10 years. Without securitized bonds, ratepayers would see charges of approximately \$10.55 per month over five years using traditional ratemaking.

The Commission emphasized it was in the public interest for Atmos to incur the extraordinary costs to ensure the integrity of the gas system and ensure continuous service to its customers. "A lesser response could have resulted in catastrophic property damage and serious public safety implications, including potential loss of life. When extraordinary costs are unavoidable and necessary to benefit the public, it is in the public interest to allow recovery of such costs."

The order states that any proceeds received by Atmos from ongoing federal or state investigations into market manipulation, price gouging or civil suits will be passed on to customers.

Links to additional information:

[The Commission order issued March 24, 2022](#)

[The Commission order issued October 13, 2022](#)

[The complete Docket 21-ATMG-333-GIG](#)