

NOTICE OF PUBLIC HEARING AND COMMENT PERIOD CONCERNING NATURAL GAS SERVICE RATE INCREASE REQUEST



Atmos Energy (Atmos) filed an application with the Kansas Corporation Commission (Commission) requesting an overall net revenue increase of \$7.1 million. The requested increase would affect the portions of a customer's bill that relate to the delivery of gas by Atmos to customers, including the fixed monthly Facility Charge and Commodity Charge (per hundred cubic feet (Ccf) usage charge).

To achieve an overall net revenue increase of \$7.1 million, Atmos is requesting to increase base rates by \$9.6 million by adding a rate case expense surcharge of \$817,882, and moving the \$3.3 million currently collected through the Gas System Reliability Surcharge Rider ("GSRs"), which customers are already paying, into base rates. An additional \$1.4 million currently collected through the Ad Valorem Tax Surcharge Rider ("AVTS") will also be moved into base rates at the end of 2020.

If approved, the average monthly bill for residential customers will increase by approximately \$3.83 per month, or 13.4% increase. This includes an increase in the monthly Facility Charge from \$18.04 per month to \$22.00 per month, the removal of the \$1.60 GSRs charge, plus a \$0.51 monthly surcharge for one year to recover rate case expense. In addition, the gas charge for residential customers will increase to \$0.15972 per Ccf from \$0.14439 per Ccf.

For commercial customers, Atmos requests a \$7.90 increase in the Facility Charge from \$40.10 per month to \$48.00 per month, the removal of the \$4.97

GSRs charge, plus a \$0.51 monthly surcharge for one year to recover rate case expense, resulting in a 9.7% increase. The gas charge for commercial customer will increase to \$0.15972 per Ccf from \$0.14758 per Ccf.

THE ROLE OF THE CORPORATION COMMISSION

The Commission regulates public utilities including home telephone, natural gas, electric and water companies, as well as motor carriers, oil and gas pipeline, and oil and gas producers. The Commission's regulatory oversight of public utilities primarily pertains to rates and terms of service. In order to ensure that customers of regulated utilities are provided sufficient and efficient service at just and reasonable rates, utilities may not change their rates without Commission approval.

PUBLIC HEARING

The Commission welcomes and encourages public input on utility rate cases. A public hearing has been scheduled to provide Atmos customers the opportunity to find out more about the request and make comments about the proposal.

The public hearing is scheduled for:

Tuesday, September 17, 2019, at 6:00 p.m.
KU Edwards Campus – BEST Conference Center
12604 Quivira Road, Overland Park, Kansas

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For those unable to attend, the hearing will be recorded and available for viewing on the Commission's website (www.kcc.ks.gov) beginning September 19, 2019.

Any person requiring special accommodations at the hearing site under the Americans with Disabilities Act should contact the Commission at least 10 days prior to the scheduled hearing date by calling 785-271-3140.

PUBLIC COMMENTS

The Commission will accept comments from Atmos customers through 5:00 p.m. CST, December 13, 2019. There are three convenient ways to submit a comment:

- 1) Go to the KCC website (www.kcc.ks.gov) and click on the Your Opinion Matters link to enter your comment.
- 2) Send a written letter to the Kansas Corporation Commission, Office of Public Affairs and Consumer Protection, 1500 SW Arrowhead Road, Topeka, KS 66604-4027. Be sure to reference Docket No. 19-ATMG-525-RTS.
- 3) Call the Commission's Public Affairs office at 1-800-662-0027 or 785-271-3140.

Public Comments received during the comment period will be entered into the official case record and posted on the website at the end of the comment period.

EVIDENTIARY HEARING

The Commission has scheduled an evidentiary hearing on the Atmos rate increase request beginning December 10, 2019, at 10:30 a.m. in the first floor hearing room at its Topeka office, 1500 SW Arrowhead Road, Topeka, Kansas.

The Commission must issue a decision by February 24, 2020.

MORE ABOUT ATMOS ENERGY'S PROPOSAL

In its application, Atmos said the increase was necessary because the company has continued to make investments in its system to provide safe, reliable and efficient natural gas service to its customers. The company further stated it has experienced increases in property, plant and equipment, depreciation, operations and maintenance costs, and system integrity spending.

In addition to the rate increase, Atmos is seeking approval to incorporate into its rate structure a pilot System Integrity Program ("SIP") Mechanism that would allow the utility to accelerate its progress in the replacement of obsolete materials in its Kansas system and provide for quarterly updates to rates for approved completed projects.

Atmos' last rate increase of \$2.2 million was approved on December 22, 2016.

Atmos' corporate office is located in Dallas, Texas. It is one of the largest pure natural gas distribution companies in the United States, supplying natural gas service to over three million customers in eight states. In Kansas, Atmos provides natural gas service to approximately 135,000 customers.

ADDITIONAL INFORMATION

A complete copy of Atmos' application and supporting testimony is available on the Commission's website at <http://kcc.ks.gov>, searching Docket Filings for Docket No. 19-ATMG-525-RTS. If you need additional assistance or more information about the requested rate increase or the public hearing, contact the Commission's Office of Public Affairs and Consumer Protection at 1-800-662-0027 or public.affairs@kcc.ks.gov.