



Shelly M. Bass
Senior Attorney

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JAN 31 2023

LA Public Service Commission

January 31, 2023

Brandon Frey
Executive Secretary
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
PO Box 91154
Baton Rouge, LA 70821-9154

In Re: Application for Renewal of the Rate Stabilization Clause ("RSC") Tariff

Dear Mr. Frey:

Enclosed please find the original and two (2) copies of Atmos Energy Corporation's Application and pre-filed testimony in the above-referenced matter, as well as an additional copy to be stamped filed and returned to the awaiting courier.

Should you have any questions concerning this filing, please feel free to contact me at 972-855-3756.

Sincerely,


Shelly M. Bass

Enclosures

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DEPT. Bull DATE 1/31 DEPT. _____
DEPT. _____ DATE _____ DEPT. _____
DEPT. _____ DATE _____ DEPT. _____
DEPT. _____ DATE _____ DEPT. _____



BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

RECEIVED

ATMOS ENERGY CORPORATION)

ex parte)

JAN 31 2023
DOCKET NO. _____ LA Public Service Commission

In Re: Application for Renewal of the Rate Stabilization Clause ("RSC") Tariff

**APPLICATION OF ATMOS ENERGY CORPORATION
FOR RENEWAL OF RATE STABILIZATION CLAUSE RIDER**

Atmos Energy Corporation ("Atmos Energy" or the "Company") submits this Application pursuant to the Stipulation and Order in Docket U-35535 and requests that the Louisiana Public Service Commission ("LPSC" or "Commission") renew the Rate Stabilization Clause Rider ("RSC Tariff") for an additional three years with certain modifications and updates as described in more detail below.

I.

Atmos Energy is a corporation organized and existing under the laws of the State of Texas and the Commonwealth of Virginia with its principal place of business located at Three Lincoln Center, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Atmos Energy is the State of Louisiana's and the country's largest fully regulated, natural-gas-only distributor. Atmos Energy, through its Louisiana regulatory division, provides natural gas utility service in the State of Louisiana to approximately 376,515 customers in forty-nine parishes.

II.

In LPSC Order No. U- U-35535, the Commission approved the current RSC Tariff for a three-year term using the test periods calendar years 2020, 2021, and 2022. The Commission

further directed Atmos Energy to make a filing to seek renewal of RSC Tariff by January 31, 2023.

III.

In support of the requested renewal of the RSC Tariff, Atmos Energy submits the direct testimony of Don A. Erickson, Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Louisiana Division; Joe T. Christian, Director of Rates & Regulatory Affairs for Atmos Energy Corporation; and Matthew R. Howard, Director at ScottMadden, Inc.

IV.

Renewal of the RSC Tariff is critical to Atmos Energy's ability to provide safe, reliable natural gas service at the lowest reasonable cost to its customers. Prompted by catastrophic natural gas pipeline failures in Allentown, Pennsylvania and San Bruno, California, the federal government issued a call to action to enhance pipeline safety by identifying pipeline risks and repairing, rehabilitating, and replacing the highest risk infrastructure. Since that time, the Pipeline and Hazardous Material Safety Administration ("PHMSA") has implemented regulations consistent with the call to action, and state regulators have been charged with enforcing these regulations. The regulations include both prescriptive, detailed requirements and also require operators to use their discretion to make operational and investment decisions to address safety issues to the best of their ability based on the specific circumstances and characteristics of their systems. In addition, both federal and state rate regulators have recognized and supported the need for accelerated safety-related investment.

V.

Atmos Energy's response to these regulations was the implementation of its risk-based System Integrity Investment Program ("SIIP") and increasing its capital investment, while

maintaining affordable rates. Under the SIIP, Atmos Energy has been able to fully satisfy the expectations of its safety regulators. Also, the Commission has supported this program constructively through the RSC Tariff and the ratemaking treatment of SIIP improvements. Without the RSC Tariff, Atmos Energy would be unable to make the necessary safety-driven investments and maintain its financial integrity, and Atmos Energy's financial integrity is what enables the Company to obtain capital from the market on favorable terms for the benefit of customers.

VI.

Additionally, Atmos Energy requests that the RSC Tariff be modified. The RSC Tariff should adjust to Atmos Energy's specific characteristics and circumstances, which are constantly changing, so that the Company's financial integrity is maintained. First, the Company proposes that its actual capital structure be used to adjust rates. No valid reason exists to deviate from the Company's actual capital structure. The Company's actual capital structure is visible to the competitive capital markets and part of the reason the Company can obtain capital at the cost reflected in its annual RSC filings. Second, the Company proposes that the return on equity be updated to 10.85% to reflect the current cost of equity. Third, the Company proposes the removal of its not-to-exceed operation and maintenance expense ("O&M") benchmark provision established in Docket No. U-35122. Although the benchmark is well-intentioned, the benchmark is not fair or reasonable in the current circumstances where Atmos Energy faces increasing O&M due to factors beyond the Company's control. Fourth, the Company proposes that the RSC Tariff's Extraordinary Cost Provision be modified to provide Atmos Energy and the Commission more certainty and transparency on when that provision should be used. The proposed RSC

Tariff is attached the Direct Testimony of Mr. Erickson as Exhibit DAE-1, which is being submitted in support of this Application.

VII.

Atmos Energy requests that notices, correspondence, and other communications concerning this Application be directed to the following persons:

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WHEREFORE, for the foregoing reasons, Atmos Energy respectfully requests that the Commission:

1. Renew the RSC Tariff for three years with the proposed modifications and
2. Grant all general and equitable relief that the law may permit.

Respectfully submitted,

Stephen T. Perrien, Esq. (LA Bar No. 22590)
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By: Shelly M. Bass (MS Bar No. 103587)

**ATTORNEYS FOR
ATMOS ENERGY CORPORATION**