

**Request for Information to Gas Utilities
on Winter Storm Event Regarding Fuel Prices
Atmos Energy Corporation, Louisiana Division
Staff DR Set No. 1
Question No. 1-01
Page 1 of 4**

REQUEST:

Please describe the impact of the Winter Storms on fuel costs and the expected impact on upcoming utility bills.

RESPONSE:

Expected impact on upcoming utility bills – Total February gas costs equaled \$18,562,995. Incremental gas costs relating to price (not including volume impact) for the winter storms of February 13-19 accounted for \$4,706,301 consisting of baseload, storage withdrawals and incremental gas purchased in the daily market. Atmos Energy plans to defer the \$4,706,301 incremental cost through the over/under recoveries pursuant to its PGA mechanism. The over/under adjustment is expected to impact customers through a volumetric rate of \$0.241 per Mcf, equal to approximately \$0.75 per month for Residential customers and \$6.74 for Commercial customers (based on average usage) for the months November 2021 through October 2022. Please see Attachment 1 for the calculations of extraordinary costs and the impact to average monthly customer bills.

ATTACHMENT:

ATTACHMENT 1 - Staff_1-01_Att1 - Winter Weather Impact.xlsx, 3 Pages.

	Amount	DTH	WACOG
PGA Estimated 7-Days Purchases (Feb PGA, Sched A-3)	\$ 1,243,281	399,967	\$ 3.108
Gas Supply Estimated Purchases (Feb 13th - Feb 19th)	\$ 7,622,651	934,139	\$ 8.160
Additional Purchase Dollars Related to Volume*	\$ 1,660,453	534,172	\$ 3.108
Additional Purchase Dollars Related to Price	\$ 4,718,917	934,139	\$ 5.052
Total Purchase Impact	\$ 6,379,370		
PGA Estimated 7-Days Storage (Feb PGA, Sched A-3)	\$ 335,790	167,797	\$ 2.001
Gas Supply Estimated Storages (Feb 13th - Feb 19th)	\$ 1,133,980	572,964	\$ 1.979
Additional Storage Dollars Related to Volume*	\$ 810,806	405,167	\$ 2.001
Additional Storage Dollars Related to Price	\$ (12,616)	572,964	\$ (0.022)
Total Storage Impact	\$ 798,190		
Total Estimated Additional Gas Cost (Feb 13th - Feb 19th)	\$ 7,177,560	939,339	\$ 7.641
Deferred Impact (Purchase dollars related to price)*	\$ 4,706,301		
3-Year avg. Annual Residential Sales Volume	12,305,374		
3-Year avg. Annual Commercial Sales Volume	7,138,559		
3-Year avg. Annual Aligned Billed Sales Volume	77,913		
3-Year avg. Annual Sales Volume (Sched C-1, Sep-17 through Aug-20)	19,521,846		
Anticipated Impact to Correction Factor (per mcf)	\$ 0.241		
	Residential	Commercial	Aligned Billed
Average monthly customer usage	3.1	28.0	2,332
Estimated Impact to Average Monthly Customer Bill	\$ 0.75	\$ 6.74	\$ 562.19

* PGA covers volume impact so it is not included in deferred impact

Estimated February Costs:	Amount	DTH	WACOG
Gas Cost	\$ 13,335,943.68	3,028,716	\$ 4.403
Storage Withdrawals	\$ 2,099,274.34	1,060,697	\$ 1.979
Transport and Storage Costs	\$ 3,127,776.91		
Total Estimated Cost	\$ 18,562,994.93	4,089,413	\$ 4.539

Estimated Cost February 13th through 19th:	Amount	DTH	WACOG
Baseload	\$ 539,180.92	204,350	\$ 2.639
Incremental	\$ 5,413,470.44	528,789	\$ 10.237
Storage	\$ 1,133,979.55	572,964	\$ 1.979
Total Estimated Cost	\$ 7,086,630.91	1,306,103	\$ 5.426
TLGP Incremental Cost	\$ 1,670,000.00	201,000	\$ 8.308
Total Estimate with TLGP	\$ 8,756,630.91	1,507,103	\$ 5.810

	Mcf Sales				Number of Customers					Average Volume per Customer			
	Residential	Commercial	Aligne	All	Residential	Commercial	Aligne	Total	Residential	Commercial	Aligne	Total	
Sep-17	490,826	453,846	717	945,389	326,236	21,290	1	347,527	1.5	21.3	717		
Oct-17	459,352	419,380	714	879,447	327,717	21,270	1	348,988	1.4	19.7	714		
Nov-17	741,686	500,305	715	1,242,706	327,008	21,110	1	348,119	2.3	23.7	715		
Dec-17	1,515,653	737,409	716	2,253,777	328,281	21,464	1	349,746	4.6	34.4	716		
Jan-18	3,263,023	1,200,064	714	4,463,801	331,703	21,848	1	353,552	9.8	54.9	714		
Feb-18	2,361,279	952,032	718	3,314,029	330,101	21,455	1	351,557	7.2	44.4	718		
Mar-18	990,659	640,046	715	1,631,420	331,287	21,515	1	352,803	3.0	29.7	715		
Apr-18	883,440	618,284	716	1,502,440	331,204	21,463	1	352,668	2.7	28.8	716		
May-18	641,671	505,366	712	1,147,749	330,864	21,406	1	352,271	1.9	23.6	712		
Jun-18	511,221	457,171	712	969,104	329,628	21,266	1	350,895	1.6	21.5	712		
Jul-18	452,212	417,063	720	869,994	329,700	21,253	1	350,954	1.4	19.6	720		
Aug-18	423,622	399,953	724	824,298	329,535	21,208	1	350,744	1.3	18.9	724		
Total	12,734,644	7,300,919	8,594	20,044,156	329,439	21,379	1	350,819	3.2	28.4	716		
Sep-18	476,962	449,495	730	927,187	327,814	21,010	1	348,825	1.5	21.4	730		
Oct-18	440,925	421,478	727	863,130	330,023	21,228	1	351,252	1.3	19.9	727		
Nov-18	930,640	579,236	734	1,510,610	328,220	20,915	1	349,136	2.8	27.7	734		
Dec-18	1,942,421	847,492	814	2,790,727	330,491	21,149	1	351,641	5.9	40.1	814		
Jan-19	2,081,272	964,058	733	3,046,063	332,648	21,685	1	354,334	6.3	44.5	733		
Feb-19	2,160,153	901,375	718	3,062,246	331,062	21,168	1	352,231	6.5	42.6	718		
Mar-19	1,419,985	736,457	713	2,157,155	332,342	21,229	1	353,572	4.3	34.7	713		
Apr-19	1,026,493	633,782	727	1,661,002	332,355	21,531	1	353,887	3.1	29.4	727		
May-19	636,287	527,854	733	1,164,874	333,010	21,272	1	354,283	1.9	24.8	733		
Jun-19	506,288	423,062	831	930,181	331,502	21,164	1	352,667	1.5	20.0	831		
Jul-19	457,855	474,132	719	932,706	332,239	20,928	1	353,168	1.4	22.7	719		
Aug-19	457,487	414,688	755	872,930	331,030	21,089	1	352,120	1.4	19.7	755		
Total	12,536,768	7,373,109	8,933	19,918,809	331,061	21,197	1	352,260	3.2	28.9	744		
Sep-19	454,685	440,120	10,204	905,009	330,702	20,986	3	351,691	1.4	21.0	3,401		
Oct-19	440,090	415,277	15,967	871,334	331,953	21,048	3	353,004	1.3	19.7	5,322		
Nov-19	1,110,169	620,908	23,817	1,754,893	329,755	20,779	3	350,537	3.4	29.9	7,939		
Dec-19	1,600,487	756,809	24,054	2,381,350	333,348	21,215	3	354,566	4.8	35.7	8,018		
Jan-20	1,893,424	904,562	25,984	2,823,970	334,381	21,312	3	355,696	5.7	42.4	8,661		
Feb-20	1,811,153	806,962	23,020	2,641,136	332,526	21,073	3	353,602	5.4	38.3	7,673		
Mar-20	1,404,352	771,534	17,979	2,193,865	334,761	21,710	3	356,474	4.2	35.5	5,993		
Apr-20	726,733	468,627	12,986	1,208,346	330,882	20,555	3	351,440	2.2	22.8	4,329		
May-20	625,858	404,444	10,600	1,040,902	332,991	21,269	3	354,263	1.9	19.0	3,533		
Jun-20	550,459	395,157	9,252	954,868	333,776	21,266	3	355,045	1.6	18.6	3,084		
Jul-20	551,608	375,636	19,517	946,761	333,846	21,057	5	354,908	1.7	17.8	3,903		
Aug-20	475,694	381,613	22,834	880,141	334,379	21,233	5	355,617	1.4	18.0	4,567		
Total	11,644,710	6,741,649	216,214	18,602,573	332,775	21,125	3	353,904	2.9	26.6	5,535		
3-Year Average	12,305,374	7,138,559	77,913	19,521,846	331,092	21,234	2	352,327	3.1	28.0	2,332.0		

**Request for Information to Gas Utilities
on Winter Storm Event Regarding Fuel Prices
Atmos Energy Corporation, Louisiana Division
Staff DR Set No. 1
Question No. 1-02
Page 1 of 1**

REQUEST:

Please describe any factors that limited the ability to import fuel to serve load and quantify the level of imports that were limited.

RESPONSE:

Some pipelines limited the ability to use secondary contract points. However, the Company used primary contract points, which were not limited. Please see the Company's response to Staff DR No. 1-03 for further discussion and details.

**Request for Information to Gas Utilities
on Winter Storm Event Regarding Fuel Prices
Atmos Energy Corporation, Louisiana Division
Staff DR Set No. 1
Question No. 1-04
Page 1 of 3**

REQUEST:

How much did the price of fuel go up during the Winter Storms and for how long did it stay at those peak prices?

RESPONSE:

Please see Attachment 1 for a table showing the February Gas Daily prices for Henry Hub. Most of the gas we purchase in Louisiana is purchased at a Henry Hub index-based price. Prior to the Weather Event prices started to increase slightly on the 12th before the maximum peak on February 17th and 18th. Starting on February 19th prices started declining and finally returned to pre-event levels on February 23rd.

ATTACHMENT:

ATTACHMENT 1 - Staff_1-04_Att1 - Platts Gas Daily Henry Hub Prices.pdf, 2 Pages.

**Request for Information to Gas Utilities
on Winter Storm Event Regarding Fuel Prices
Atmos Energy Corporation, Louisiana Division
Staff DR Set No. 1
Question No. 1-06
Page 1 of 1**

REQUEST:

What are your suggestions on other ways to share the risk of such effects to the PGA rather than flowing those costs through to customer bills?

RESPONSE:

The Commission has recently completed an audit of the Company's gas procurement practices (Docket No X-35708). The Louisiana Public Service Commission ("Commission") authorized the Purchased Gas Adjustment ("PGA") audit of Atmos Energy's Louisiana Division's monthly filings that were submitted under the requirements of the Commission's General Order dated March 24, 1999 (Order No. U-22407) (the "1999 General Order"). The Commission initiated the 1999 General Order to develop standards governing the ratemaking treatment of purchased gas costs incurred by gas utilities operating in the State of Louisiana. The Company fully anticipates that the Commission will continue to evaluate the gas procurement practices, including the purchases made around the winter weather event and the prudence, of the Company's purchases at that time.

The 1999 General Order provides in IV Methodologies O. for exceptions to the 1999 General Order guidelines. As noted in Special Order No. 19-2021 issued on March 25, 2021, Staff has recommended that the Commission adopt a proposed Special Order to allow for temporary modifications to the 1999 General Order, particularly aimed at reasonably mitigating the customer bill effects by allowing fuel costs to be recovered in a period longer than one month. As noted in the response to Question 1 the Company believes that these costs should be recovered over the months of November 2021 through October 2022 in order to accomplish the desired mitigation to customer bills but no other exceptions are needed to normal PGA recovery (i.e. sharing risk).

If the Commission does determine that a change to the parameters of the 1999 General Order is necessary to establish a sharing of risk related to gas procurement, the Company strongly believes that it should only be applicable to future gas procurement and that changes to the 1999 General Order be conducted within a rulemaking docket that allows for full input and consideration from all impacted parties.

**Request for Information to Gas Utilities
on Winter Storm Event Regarding Fuel Prices
Atmos Energy Corporation, Louisiana Division
Staff DR Set No. 1
Question No. 1-07
Page 1 of 1**

REQUEST:

Ultimately, who bears the risk for spot gas purchases, the utility or the marketers who make the gas purchases on the utility's behalf?

RESPONSE:

The Company is not clear if the question is referring to the risk of performance under the contract between the utility and the marketer or the risk of recovery associated with all utility gas costs.

Ultimately the utility must make payments to its suppliers in accordance with its contracts for all purchases, spot or otherwise, regardless of the results of the Commission's regular gas cost reviews. The utility, and not the party selling to the utility, is at risk of disallowance in a gas cost review.

**Request for Information to Gas Utilities
on Winter Storm Event Regarding Fuel Prices
Atmos Energy Corporation, Louisiana Division
Staff DR Set No. 1
Question No. 1-08
Page 1 of 1**

REQUEST:

Could different measures have been taken in preparation for the Winter Storms in order to prevent fuel shortages? If so, why were those measures not taken?

- a. Should these measures have been taken when the Winter Storms were forecasted in weather reports?

RESPONSE:

The Company did not experience fuel shortages in February 2021. However, the Company was exposed to high market prices to the extent that its baseload gas and storage were not able to fully meet demand. Consistent with its general practice, the Company continuously evaluates the appropriate amount of storage rights and appropriate percentage of baseload gas to nominate.

By the time the Winter Storms were forecasted, baseload nominations had been submitted and storage entitlements could not be changed.

The Company notes that in the years prior to the Winter Storms, it had interconnected several distribution systems to alternative pipelines to provide diversity of supply to reduce risks to reliability and price of supply.