

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF ATMOS)	
ENERGY CORPORATION AND MILLENNIUM)	CASE NO.
ENERGY, INC. FOR APPROVAL OF THE)	2026-00061
TRANSFER OF OWNERSHIP AND CONTROL OF)	
MILLENNIUM ENERGY, INC.)	

ORDER

On March 11, 2026, Atmos Energy Corporation (Atmos) and Millennium Energy, Inc. (Millennium) (jointly, Joint Applicants) tendered a joint application pursuant to KRS 278.020(6) and KRS 278.020(7), for approval of a transfer of ownership of Millennium’s natural gas distribution system from Millennium to Atmos. The application was tendered for filing on March 11, 2026, and was deemed filed as of that date. No parties have intervened. By Order entered March 31, 2026, the Commission found good cause to continue the proceeding for 30 additional days through June 9, 2026, to ensure the orderly review of the application. Atmos responded to two sets of data requests from Commission Staff and Millennium responded to one set.¹ On May 22, 2026, Atmos and Millennium jointly filed a motion to submit this matter for an adjudication based upon the existing administrative record and without a formal evidentiary hearing.

¹ Atmos’s Response to Commission Staff’s First Request for Information (filed Apr. 27, 2026) (Staff’s First Request); Millennium’s Response to Staff’s First Request (filed Apr. 27, 2026); Atmos’s Response to Commission Staff’s Second Request for Information (filed May 22, 2026) (Staff’s Second Request).

LEGAL STANDARD

At issue is the Commission's approval of the joint applicants' application pursuant to KRS 278.020(6) and KRS 278.020(7). KRS 278.020(6) provides that:

No person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.

KRS 278.020(7) provides, in relevant part, that the Commission shall approve a proposed acquisition of control upon a finding that the proposed transaction is "made in accordance with law, for a proper purpose and is consistent with the public interest."

BACKGROUND

Millennium is a natural gas distribution company incorporated in 1999 that serves approximately 95 customers along a four-mile gas distribution route in Simpson County, Kentucky.² Atmos and Millennium have executed an Asset Purchase Agreement in which Atmos agreed to purchase all of Millennium's assets and customer accounts, incorporate Millennium's assets into Atmos's natural gas distribution system, provide service to the customers taking service from Millennium, and assume all of the liabilities of Millennium.³

² Application at 2; Direct Testimony of Mark Martin (Martin Direct Testimony) at 3.

³ Application at 2.

Atmos provides natural gas service to over 3.3 million customers, including approximately 180,694 customers in Kentucky.⁴ In support of the application Atmos submitted as follows:⁵

Atmos Energy, or its predecessors have been a natural gas supplier in Kentucky since 1934. Atmos Energy's financial, technical, and managerial abilities have been shown in the quality and affordable natural gas service it provides its customers during that time. The Kentucky/Mid-States Division provides safe and reliable service to approximately 180,694 customers. Atmos Energy has displayed its commitment to providing safe service throughout its history in the Commonwealth. This is demonstrated in the commitment to comply with all state and federal regulations regarding pipeline safety. Atmos Energy has a large operating budget for continued O&M of its utility assets. This budget allows Atmos Energy to operate efficiently to provide service to its customers. Millennium's customers will benefit from Atmos Energy operation of the pipeline and the delivery of their natural gas.

Atmos intended for Millennium customers to take service under the appropriate Atmos tariffs.⁶

DISCUSSION AND FINDINGS

To approve the transfer, the Commission must determine that Atmos has the financial, technical, and managerial abilities to provide reasonable service to Millennium customers, and that the transfer is to be made in accordance with law, for a proper purpose and is consistent with the public interest.

⁴ Application at 1-2.

⁵ Martin Direct Testimony at 4.

⁶ Martin Direct Testimony at 6.

Atmos has established its financial, technical, and managerial abilities providing service in Kentucky since 1934.⁷ It has a large budget and will not be materially affected financially by this transaction. Atmos has evaluated Millennium system and identified necessary capital improvements.⁸ Atmos asserted that it has a full-time, qualified operator with support staff near Millennium’s system, compared to Millennium’s current part-time operator working without support staff.⁹

The proposed transfer agreement was executed in accordance with legal requirements for a valid transfer,¹⁰ approved by board resolution of Millennium and executed written contract between Millennium and Atmos.¹¹ The transfer is for a proper purpose—the transaction will maintain and potentially improve service by giving Millennium customers access to Atmos’s budget and experience.

The only element that has not been definitively established is whether the transaction is consistent with the public interest, based on the likely rate increase Millennium customers would experience by taking service subject to Atmos’s tariff. Based on average annual residential consumption of 46 Mcf, Millennium Residential customers would experience an increase in their annual gas bill from \$413.78 to \$637.22. This represents an annual increase of approximately \$223.44, or 54 percent. The

⁷ Application, Exhibit 3, Direct Testimony of Mark A. Martin, page 4, lines 12-22.

⁸ Atmos’s Response to Staff’s First Request, Items 1 and 8.

⁹ Atmos’s Response to Staff’s First Request, Item 6.

¹⁰ See Case No. 2022-00218, *Electronic Joint Application of Bluegrass Water Utility Operating Company, LLC and the Electric Plant Board of Mayfield, Kentucky for Approval of Acquisition and Transfer of Ownership and Control of Wastewater Facilities Serving Randview Estates Subdivision in Graves County, Kentucky* (Ky. PSC May 5, 2023), Order at 8.

¹¹ Application, Exhibit 4, Attachment DM-1; Exhibit 5.

corresponding monthly bill would increase from \$34.48 to \$53.10, based on average monthly usage of 3.83 Mcf¹² and the record gives no indication that safety or maintenance of the system is lacking. However, increased rates would be preferable to Millennium ceasing operation and customers losing service. Additionally, absent selling its system, Millennium would likely need to increase rates to meet its revenue requirement, since it has not increased base rates since its inception in 1999.¹³ Thus, the likelihood of a future rate increase for the Millennium customers following the transfer would not weigh materially against a finding that the transfer is in the public interest in this case.

Atmos has also not met the requirements necessary to effect a rate change for Millennium customers at this time. Specifically, pursuant to 807 KAR 5:011, Section 11, a person purchasing an existing utility is required to adopt the predecessor utility's existing tariffs on file with the Commission, including any rates and service requirements therein, before filing a new or revised tariff for the predecessor utility or incorporating the predecessor utility into the successor utility's existing tariff. Further, when filing a new or revised tariff that changes the predecessor utility's rates, the purchaser is required, at a minimum, to provide notice to the Commission pursuant to KRS 278.180 and customer notice pursuant to 807 KAR 5:011, Section 8.¹⁴

KRS 278.180 requires 30 days' notice to the Commission of any rate change, and said notice must include proposed changes and the time when changed rates will go into effect. Furthermore, 807 KAR 5:011, Section 8 requires notice to customers "if a charge,

¹² Atmos's Response to Staff's First Request, Item 3.

¹³ Atmos's Response to Staff's Second Request, Item 13.

¹⁴ 807 KAR 5:011, Section 11.

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.”

Although Atmos’s application testimony references Millennium customers switching over to Atmos’s tariff rates, no intended effective date is mentioned and no specific request was made in the application. Additionally, no proof of notice consistent with Section 8 of 807 KAR 5:011 was located in the record of this case. The Commission previously found that an acquiring utility must conform to this regulation before changing rates of acquired customers, and that rates should continue under the existing tariff for the acquired utility until rates were filed in compliance with KRS Chapter 278 and 807 KAR Chapter 5.¹⁵ Atmos has not yet done that in this case or requested a deviation from the applicable regulations. Thus, while it may be that Atmos in its testimony was simply indicating that it would propose a future rate increase pursuant to 807 KAR 5:011, Section 11, and other applicable law, the Commission is unable to grant Atmos a rate increase for Millennium customers in this case to the extent it intended its application to make such a request.

The Commission therefore finds that absent an immediate rate increase and given the other likely benefits of the transfer, the proposed transaction is consistent with the public interest because it will maintain and potentially improve service for Millennium customers, with Atmos’s resources ensuring funding for potential pipeline project funding needs. However, regarding the rates applicable to the Millennium customers upon

¹⁵ Case No. 2020-00290, *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction* (Ky. PSC Aug. 2, 2021), Order at 116.

finalization of this acquisition, the Commission finds that Atmos should review and comply with all applicable provisions of 807 KAR 5:011, including Section 8 and Section 11.

IT IS THEREFORE ORDERED that:

1. Atmos and Millennium's transfer of assets as described in their joint application is approved, subject to the restrictions described herein.

2. To the extent Atmos intended its application to be a request for a rate change for the Millennium customers, such a rate change is denied. The rates and conditions for the former Millennium customers following transfer shall be determined pursuant to the applicable provisions KRS Chapter 278 and 807 KAR Chapter 5.

3. The Joint Applicants shall notify the Commission, in writing, within seven days of the transaction being completed. If it has not been completed within six months of the date of this Order, the Joint Applicants shall provide a written status report to the Commission.

4. Within 30 days of consummation of the acquisition, Atmos shall file the net book value of the acquired assets.

5. Any material revision to the proposed transaction shall require approval by the Commission in order for the amendment to be effective.

6. Within 20 days of the closing of the acquisition, Atmos shall file the journal entries it proposes to record the acquisition. The acquisition shall be recorded in accordance with the Uniform System of Accounts.

7. Any document filed pursuant to ordering paragraphs 3, 4, and 6 shall reference this case number and shall be retained in the post-case correspondence file.

8. Millennium, as it ceases to exist as a result of the proposed acquisition, shall be responsible for submitting to the Commission its financial and statistical reports, as described in 807 KAR 5:006, Section 3, for the period in calendar 2026 in which it owned and operated its water treatment and distribution systems.

9. This case is closed and removed from the Commission's docket.


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Entered on this 9th day of June, 2026.


PUBLIC SERVICE COMMISSION



Angie Hatton
Chair



Mary Pat Regan
Commissioner



Andrew W. Wood
Commissioner



Barry L. Mayfield
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

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