

August 29, 2025

Ms. Linda C. Bridwell, P.E.
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

*Re: In the Matter of: Electronic Application of Atmos Energy Corporation for
an Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief-*
Case No. 2024-00276

Dear Ms. Bridwell:

Please find attached Atmos Energy Corporation's Motion for Rehearing in the above styled case.

This is to certify that the foregoing electronic filing was transmitted to the Commission on August 29, 2025; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of this filing will be made.

If you have any questions, please let me know.

Very truly yours,



L. Allyson Honaker

Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS)	
ENERGY CORPORATION FOR AN)	
ADJUSTMENT OF RATES; APPROVAL OF)	Case No. 2024-00276
TARIFF REVISIONS; AND OTHER)	
GENERAL RELIEF)	

PETITION FOR REHEARING

Comes now Atmos Energy Corporation (“Atmos Energy” or “Company”), by counsel, pursuant to KRS 278.400 and other applicable law, and requests that the Kentucky Public Service Commission (“Commission”) grant rehearing to correct the Commission’s August 11, 2025 Order in the above-styled case (“Order Atmos Energy is only requesting rehearing regarding the Commission’s decision to impute a hypothetical equity ratio (rather than the company’s actual equity ratio) in the calculation of the Company’s rate of return. This decision produced a result that is out of step with the Commission’s precedent and recent orders and penalizes Atmos Energy for having a strong balance sheet and a lower cost of debt than its peers and therefore was in error. The evidence presented leaves no room for a difference of opinion that the Commission should have applied Atmos Energy’s actual capital structure. In support of its motion, Atmos Energy respectfully states as follows:

I. BACKGROUND

Atmos Energy filed an Application on September 27, 2024, with the Commission for an adjustment of rates, approval of tariff revisions and other general relief and was deemed filed on October 11, 2024. On October 17, 2024, the Commission issued a procedural schedule and suspended Atmos Energy’s proposed rates for six months until May 11, 2025. Atmos Energy

responded to three rounds of discovery from Commission Staff and two rounds of discovery from the Attorney General’s Office of Rate Intervention (“OAG”). A public comment hearing was held in Owensboro on May 1, 2025. A formal hearing was held at the Commission’s offices on May 6, 2025, and May 7, 2025. On May 8, 2025, Atmos Energy provided written notice to the Commission of its intention to implement rates subject to refund. Atmos Energy responded to post-hearing data requests, and the Commission issued its Order on August 11, 2025.

II. STANDARD OF REVIEW

KRS 278.400 and 278.430 govern motions for rehearing, which provide the Commission with the ability to correct findings based on material errors or omissions, or to correct findings that are unreasonable or unlawful.¹ A Commission Order is unreasonable when “the evidence presented leaves no room for difference of opinion among reasonable minds.”² An Order of the Commission is unlawful when it is deemed to be in violation of a state or federal statute, or a constitutional provision.³

III. ARGUMENT

The Commission’s Order contained a material error that impacted both (1) the capital structure and (2) the resulting calculation of the rate of return.

- 1. The Commission should correct the Order to apply Atmos Energy’s actual capital structure, as the evidence presented leaves no room for a difference of opinion on this issue.**

¹ See also *Electronic Application of Kenergy Corp. for a Certificate of Public Convenience and Necessity for the Construction of a High-Speed Fiber Network and for Approval of the Leasing of the Network’s Excess Capacity to an Affiliate to be Engaged in the Provision of Broadband Service to unserved and Underserved Households and Businesses of the Commonwealth*, Case No. 2021-00365, Order (Ky. PSC May 19, 2022) at 1–2.

² *Energy Regulatory Comm’n v. Kentucky Power Co.*, 605 S.W.2d 46, 50 (Ky. App. 1980).

³ *Public Service Comm’n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm’n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

There is no legally relevant evidence in the record to support the Order's application of a hypothetical, rather than actual, capital structure. Accordingly, there is no room for a difference of opinion by reasonable minds, and the Commission should correct the Order to apply Atmos Energy's actual capital structure.

a. Setting rates using actual capital structure is the regular practice of the Commission⁴, and Atmos Energy's actual capital structure was entitled to a presumption of reasonableness.

Extensive legal precedent called for the Commission to apply Atmos Energy's actual capital structure. Under KRS 278.030, "[e]very utility may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person." In exchange, "[e]very utility shall furnish adequate, efficient and reasonable service, and may establish reasonable rules governing the conduct of its business and the conditions under which it shall be required to render service."⁵ The U.S. Supreme Court has established that a utility is entitled to "[r]ates which enable the company to operate successfully, to maintain its financial integrity, to attract capital, and to compensate its investors for the risks assumed," and, "[f]rom the investor or company point of view, it is important that there be enough revenue not only for operating expenses, but also for the capital costs of the business."⁶

As for the utility's burden of proof, KRS 278.190 states that, "[a]t any hearing involving the rate or charge sought to be increased, the burden of proof to show that the increased rate or charge is just and reasonable shall be upon the utility. . . ."⁷ In this context, this Commission has

⁴ *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of Its 2004 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2004-00426, Order at 20 (Ky. PSC Jun. 20, 2005).

⁵ KRS 278.030(2).

⁶ *Fed. Power Com. v. Hope Nat. Gas Co.*, 320 U.S. 591, 605, 64 S. Ct. 281, 289 (1944).

⁷ KRS 278.190(3).

consistently held that “[m]anagement decisions are generally presumed to be reasonable.”⁸ In Case No. 2002-00022, the Commission further clarified that such a presumption operates until it is shown that:

(1). . . the questioned outlays represent 'inefficiency' or 'improvidence' or (2) managerial discretion has been abused, or (3) the action taken has been 'arbitrary' or 'inimical to the public interest,' or (4) there has been 'economic waste,' or (5) such outlays were not legitimate operating expenses because they were in excess of just and reasonable charges.⁹

The burden of overcoming the presumption of managerial good faith falls on the party challenging it.¹⁰ It is undisputed in this case that the establishment of a utility’s capital structure is a managerial decision. For example, Robert A. Morin’s treatise explains: “Capital structure decisions must be determined by managerial judgement and market data . . . Capital structure decisions depend critically on each company’s own situation and level of business risk as well. The higher the business risk, the lower the debt ratio.”¹¹

The Commission has recognized repeatedly that a utility’s actual capital structure is entitled to deference and a presumption of reasonableness when setting rates. For example, in Case No. 2004-00426, intervenor Kentucky Industrial Utility Customers, Inc. (“KIUC”) argued that the actual common equity ratio of Kentucky Utilities Company (“KU”) of 55.09 percent was “excessive.”¹² The Commission rejected KIUC’s arguments, and held that, “the Commission

⁸ *Application of Water Service Corp. of Kentucky for an Adjustment of Rates*, Case No. 2010-00476, Order at 11 (Ky. PSC Nov. 23, 2011), citing Pa. Pub. Util. Comm’n v. Phila. Elec. Co., 561 A.2d 1224 (Pa. 1989); *West Ohio Gas Co. v. Ohio Pub. Util. Comm’n*, 294 U.S. 63 (1935).

⁹ *Proposed Adjustment of the Wholesale Water Service Rates of the City of Pikeville*, Case No. 2002-00022, Order at 9 (Ky. PSC Oct. 18, 2002), citing Pa. Publ. Util. Comm’n v. Phila. Elec. Co., 561 A.2d 1224 (Pa. 1989).

¹⁰ *Id.* at 9.

¹¹ Christian Rebuttal at 13-14, citing Morin, Roger, *New Regulatory Finance*, page 470.

¹² At p. 18-19.

normally does not establish the common equity ratio using the approach followed by rating agencies **but instead utilizes the actual common equity ratio of the utility**. Unlike the approach used in a rate of return on common equity analyses, **the Commission does not determine the capital structure or common equity ratio of a utility based on the capital structures or ratios of other comparable utilities.**”¹³ (emphasis added).

In another line of cases, the Commission has similarly rejected utilities’ arguments that the Commission should impute a hypothetical capital structure in a manner that favors the utility. For example, in Case No. 99-176, Delta Natural Gas Company, Inc. (“Delta”) had experienced a “decline in the equity component of its capital structure.”¹⁴ To “help reverse” this decline, Delta argued that it should be allowed to set rates on a hypothetical capital structure that contained adjustments that resulted in an equity ratio higher than its actual equity ratio.¹⁵ The Commission agreed with the OAG that such a finding would be “a radical departure from past Commission rate-making practices.”¹⁶ The Commission further found that, “[b]efore the drastic remedy of a hypothetical capital structure is used, other remedies must be given an opportunity to work,” and the Commission approved a Weather Normalization Adjustment to help stabilize the revenues of the utility.¹⁷

¹³ *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of Its 2004 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2004-00426, Order at 20 (Ky. PSC Jun. 20, 2005). See also Case No. 2004-00103, *In the Matter of Adjustment of the Rates of Kentucky-American Water Company*, at pages 68-70, in which the Commission rejected the argument of the Office of the OAG that a higher short-term debt ratio should be imputed than that presented in the utility’s actual 13-month forecast of its capital structure and set rates based on the utility’s forecast based on “current projections of its construction investment and capital requirements.”

¹⁴ *An Adjustment of the Rates of Delta Natural Gas Company, Inc.*, Case No. 99-176, Order at p. 10 (Dec. 27, 1999).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.* at 11-12. See also *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications*, Case No. 2013-00148, Order at 8 (Apr. 22, 2014), in which the Commission found that actual capital structure must be applied, thereby rejecting Atmos Energy’s proposal that “the capital structure containing no short-term debt was

Atmos Energy acknowledges that *in one prior case* this Commission departed from long-standing precedent and imposed a hypothetical capital structure with a lower equity ratio than that of the utility's actual capital structure. That case was Atmos Energy's most recent prior general rate proceeding, Case No. 2021-00214. Atmos Energy requested rehearing on this issue in that proceeding and was denied, but Atmos Energy maintains that rehearing should have been granted in Case No. 2021-00214 for the reasons stated herein. When applying the legal standard in Kentucky and decades of Commission precedent with the exception of the final Order in Case No. 2021-00214, the evidence presented in the current case leaves no room for a difference of opinion that the Commission should have applied Atmos Energy's actual capital structure when determining the rate of return upon which to set rates in the present case.

b. Atmos Energy presented undisputed evidence of its actual capital structure.

Atmos Energy established in this case that its existing capital structure serves the prudent, enterprise-wide financing of the Company's business and is critical to maintaining its current credit ratings¹⁸ and that this actual capital structure is necessary to finance the construction of Atmos Energy's business.¹⁹ It is undisputed in this case that the thirteen-month actual capital structure for the period ended June 30, 2024, is the most accurate forecast of Atmos Energy's capital requirements presented in this case.²⁰

c. The OAG presented no legally relevant evidence to overcome the presumption of reasonableness of Atmos Energy's actual capital structure.

appropriate for determining its revenue requirement in that Atmos-Ky. did not use short-term debt to finance the long-lived assets in its rate base."

¹⁸ Christian Rebuttal at 12.

¹⁹ Hearing Video Transcript ("HVT") at 17:34:35 (May 6, 2025).

²⁰ Christian Direct at 8. See also Baudino Direct at 33-36, in which he does not refute that this capital structure is an inaccurate representation of the anticipated capital structure during the test year.

Since Atmos Energy’s management decisions establishing the Company’s actual capital structure are entitled to a presumption of reasonableness, the OAG had the burden to demonstrate that “the questioned outlays represent 'inefficiency' or 'improvidence' or (2) managerial discretion has been abused, or (3) the action taken has been 'arbitrary' or 'inimical to the public interest,' or (4) there has been 'economic waste,' or (5) such outlays were not legitimate operating expenses because they were in excess of just and reasonable charges.”²¹ The OAG did not satisfy this requirement and instead presented only evidence that other natural gas utilities had different capital structures.²² This is insufficient, as the Commission has recognized that, “[u]nlike the approach used in a rate of return on common equity analyses, the Commission does not determine the capital structure or common equity ratio of a utility based on the capital structures or ratios of other comparable utilities.”²³

Setting aside the irrelevance of the other utilities’ capital structure, the OAG could not even establish that the utilities to which it compared Atmos Energy were actually “comparable utilities.”²⁴ For example, OAG witness Mr. Baudino recommended “that the Commission adopt

²¹ *Proposed Adjustment of the Wholesale Water Service Rates of the City of Pikeville*, Case No. 2002-00022, Order at 9 (Ky. PSC Oct. 18, 2002), citing Pa. Publ. Util. Comm n v. Phila. Elec. Co., 561 A.2d 1224 (Pa. 1989).

²² Baudino Direct at 33-36. *See also* Order at 45-46.

²³ Case No. 2004-00426, *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of its 2004 Compliance Plan for Recovery by Environmental Surcharge*, June 20, 2025 Order at 20.

²⁴ *See, e.g.,* HVT at 17:34:35 (May 6, 2025) (**Company witness Christian:** “When you look at how we finance our construction, there’s a direct line of sight between how we finance our business and what those finances do to fund the construction and the ongoing investments we are making versus...what shows up at the subsidiary level. It is not always clear if you are issuing [equity] at the Hold Co and then pushing it down. . . . Here we’re looking at capital structures. It seems like this Commission and prior commissioners would get locked in on this one issue. The AG has certainly been locked in on this one issue. They do not ever look at the things that we are more favorable at than our other peers...with our capital structure we are more transparent in the planning of our projects and the financing of our projects and how it’s all connected. It has been alleged in the past that we only have equity to benefit shareholders and that’s not the reason that we have the equity levels that we have. We have the equity levels that we have to finance the construction of the business. To do that we need the capital structure that we have to have that access to the markets.”)

a common equity ratio of 52.5%, which is consistent with the common equity ratios recently filed by Columbia Gas of Kentucky last year and Delta Gas Company this year.”²⁵ Both of these utilities are subsidiaries of holding companies, which impacts how those companies finance their business and reflect debt and equity at the subsidiary level.²⁶ In contrast, Atmos Energy’s divisions, including the Kentucky/Mid-States Division, are not subsidiaries or separate legal entities. Instead, they are unincorporated divisions of Atmos Energy Corporation, which funds its operations on a consolidated basis. The Order merely assumes that the differently structured companies are “peers,” and adopts a hypothetical capital structure as a result, without concluding that any facts exist that would overcome the presumption of reasonableness attributed to Atmos Energy’s actual capital structure, such as “inefficiency,” “improvidence,” an abuse of managerial discretion, or action that is “arbitrary” or “inimical to the public interest,” or “economic waste.”

Further, the OAG’s argument that a lower equity ratio would not increase the Company’s borrowing costs did not establish any of the criteria necessary to overcome the presumption of reasonableness and relied on dated information that is legally irrelevant. The OAG relied on the capital structure and debt costs in Atmos Energy’s 2013 and 2017 rate cases,²⁷ when the impacts of capital structure on borrowing costs are based on the current market conditions and Atmos Energy’s current needs to finance the construction of the business.²⁸ The OAG did so despite the Commission’s acknowledgement that “historical averages [of capital structures]” are of “limited relevance.” For example, in Case No. 2004-00103, the Commission rejected the OAG’s argument that past capital structures were relevant and should result in a departure from the actual capital

²⁵ Baudino Direct at 4.

²⁶ See, e.g., HVT at 17:34:35 (May 6, 2025); Christian Rebuttal at 3-4; Christian Direct at 12-13.

structure expected during the rate effective period, stating, “[o]ur central focus is with Kentucky-American’s ability to forecast its capital requirements rather than comparisons of a forecasted capital structure with historical quarterly averages. The record shows that Kentucky-American’s forecast is based upon current projections of its construction investment and capital requirements.”

Finally, the Order’s adoption of a hypothetical capital structure creates a result that is contrary to the public interest and the Commission’s precedent. Reattached as Exhibit 1 in this Petition is Atmos Energy’s authorized capital structures in its other jurisdictions as presented in the direct testimony of Company witness Mr. Joe Christian as Exhibit JTC-2.²⁹ For Atmos Energy’s other jurisdictions, the next lowest equity ratio is 58.0%, and most of those authorized capital structures were in periods following the Commission’s order in Case No. 2021-00214 originally imposing a hypothetical capital structure. The Commission’s questions posed at the evidentiary hearing brought into focus the recognition that Kentucky customers would not be contributing ratably to the actual costs of capital incurred by Atmos Energy to invest in the Commonwealth if rates are calculated using a hypothetical capital structure.³⁰ Such an approach is contrary to the spirit of the prohibition in KRS 287.170 of discrimination as to rates and services.³¹ It is also contrary to the Commission’s position in its complaint against American Electric Power (“AEP”) before the Federal Energy Regulatory Commission (“FERC”).³² In that

²⁹ Christian Direct Testimony, Exhibit JTC-2; see also HVT, Day 1, at 17:34:34 - 17:40:30.

³⁰ HVT at 17:34:35 - 17:40:48 (May 6, 2025) (“**Christian:** *If all of our other jurisdictions are recognizing our actual capital structure and are establishing rates to our customers in those states that are creating the Funds From Operations that support the credit metrics, but if Kentucky is the outlier with a hypothetical of the AG’s 52.5 or the last case of 54.5 it is not contributing back to the Funds From Operations at the same level as our other jurisdictions. In essence, Kentucky is being subsidized by our other operations.*”)

³¹ KRS 278.170(1) (“No utility shall, as to rates or service, give any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage, or establish or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions.”)

³² Docket No. EL25-67-000, Complaint of Kentucky Public Service Commission, *Attorney General of the*

complaint, the Commission argues that AEP is including in its rates for Kentucky customers the costs of capital projects that do not benefit Kentucky customers, recognizing that costs to be included in rates across the states of multi-jurisdictional utilities should align with the benefits. It is undisputed in this case that Kentucky customers are benefiting from the equity capital Atmos Energy accesses through the capital markets.

For these reasons, the Commission should correct the Order and apply Atmos Energy's actual capital structure.

2. The Commission should correct the Order to calculate the rate of return using Atmos Energy's actual capital structure, as the evidence presented leaves no room for a difference of opinion that doing so would produce just and reasonable rates.

The Order's error in failing to apply Atmos Energy's actual capital structure also infected the Order's calculation of the rate of return ("ROR"). Atmos Energy presented empirical evidence demonstrating that (a) the rate of return using the actual capital structure is in line with recent Commission Orders and (b) that applying this ROR still produces residential rates that are lower than recent Commission Orders for the same service provided by other utilities. Because the OAG failed to satisfy its burden to overcome the presumption with any legally relevant evidence, there is no room for reasonable minds to differ that the resulting rates using the Commission's long-standing approach are just and reasonable.

a. The Commission's recent Orders demonstrate that the use of Atmos Energy's actual capital structure produces a just and reasonable ROR.

The Commission's Order states "the Commission finds that it would be more reasonable to reduce Atmos's common equity ratio to 53.50 percent, which is roughly between the equity ratios of those Kentucky LDCs and the highest recent common equity ratios at the operating level

Commonwealth of Kentucky v. American Electric Power Service Corporation, et al. under EL25-67 (F.E.R.C. March 12, 2025).

for companies, other than Atmos, in the Utility Proxy Group.”³³ As explained above, it is contrary to Kentucky law and Commission precedent to use a peer comparison for the determination of capital structure.³⁴ However, that same precedent establishes that a peer comparison **is** an appropriate approach used to determine the reasonableness of an ROR, since the determination of a fair return involves proxy group analyses and data.³⁵ If the Commission applies this peer comparison approach to an analysis of recent overall RORs awarded by this Commission for Kentucky natural gas utilities, it is immediately apparent that the Order’s ROR is out of line with those the Commission has recently found to be just and reasonable.

For Atmos Energy, the Commission’s hypothetical capital structure in the Order resulted in an overall ROR of 7.15%³⁶:

	Percent of Total	Cost Rate	13-month Avg. Cost
Short-Term Debt	0.19%	17.41%	0.03%
Long-Term Debt	46.31%	4.11%	1.90%
Common Equity	53.50%	9.75%	5.22%
Total Capital	100.00%		7.15%

In Columbia Gas of Kentucky’s (“Columbia”) recent order in Case No. 2024-00092, Columbia was awarded both its actual capital structure and also a higher overall ROR than the

³³ Order at 49.

³⁴ *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of Its 2004 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2004-00426, Order at 20 (Ky. PSC Jun. 20, 2005) (“the Commission normally does not establish the common equity ratio using the approach followed by rating agencies but instead utilizes the actual common equity ratio of the utility. Unlike the approach used in a rate of return on common equity analyses, the Commission does not determine the capital structure or common equity ratio of a utility based on the capital structures or ratios of other comparable utilities.”).

³⁵ *Id.*

³⁶ Order at 50.

7.15% awarded to Atmos Energy due to Columbia’s much higher debt rate³⁷:

	Percent	Cost	Weighted Cost
Long-Term Debt	45.53%	4.80%	2.19%
Short-Term Debt	1.83%	5.25%	0.10%
Common Equity	52.64%	9.75%	5.13%
Total	100.00%		7.41%

Thus, Columbia’s overall ROR of 7.41% is significantly higher than the 7.15% ROR the Order applied to Atmos Energy. At Atmos Energy’s actual capital structure and the awarded 9.75% return on equity, Atmos Energy’s overall ROR would then be 7.57%, only 16 basis points higher than Columbia’s awarded ROR. If the Commission were to impute a hypothetical equity ratio of 58.00%, the lowest equity ratio authorized in any other Atmos Energy jurisdiction, then Atmos Energy’s overall ROR would be 7.41%, the exact same as Columbia’s recent award.

Instead, the Commission’s Order applied Atmos Energy’s **actual** long-term debt rate to a **hypothetical** equity ratio of 53.50%, without adjusting the debt rate to reflect the impact of the hypothetical capital structure. The Order ignored that without a strong balance sheet and credit ratings resulting from its actual equity ratio of 60.88%, Atmos Energy could not have achieved such low long-term debt rates.³⁸ In other words, the Order penalized Atmos Energy for having a strong balance sheet without rewarding it for the low cost of debt that its strong balance sheet produced. In effect, this outcome rewards other Kentucky natural gas utilities for having a more leveraged balance sheet and penalizes Atmos Energy for its sound financial decisions that produce

³⁷ Case No. 2024-00092, *Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates, Approval of Depreciation Study; Approval of Tariff Revisions; and Other Relief* (Ky. PSC December 30, 2024), final Order at 46-47.

³⁸ Christian Rebuttal at 6-7.

lower debt costs.

b. The use of Atmos Energy's actual capital structure in the ROR calculation produces rates in line with those approved by the Commission for similar service provided by other Kentucky natural gas utilities.

As noted throughout the Case and in the Company's brief, setting rates in this case using a ROR based on Atmos Energy's actual capital structure would still result in Atmos Energy having the lowest residential retail rates of any major natural gas utility in the Commonwealth.³⁹ In other words, the Commission has authorized as just and reasonable residential rates that are higher than those that would be produced with an ROR that reflects Atmos Energy's actual capital structure in this case. This comparison provides assurance that the outcome of applying the Commission's long-standing approach to using actual capital structure in the ROR calculation does not result in unjust or unreasonable rates.

IV. CONCLUSION

Wherefore, for these reasons, Atmos Energy seeks rehearing on the issue of applying a hypothetical capital structure in the calculation of the ROR in this proceeding and requests that the Commission set rates based upon Atmos Energy's actual capital structure. If the Commission does not set rates based upon Atmos Energy's actual capital structure, Atmos Energy requests that the awarded capital structure result in an overall ROR similar to its Kentucky peers and using an equity ratio similar to those authorized in Atmos Energy's other jurisdictions.

This the 29th day of August, 2025.

³⁹ Atmos Energy Post-Hearing Brief at 2; *see also* Atmos Energy's Responses to Commission Staff's Fourth Request for Information, Item 2 (Apr. 8, 2025).

Respectfully submitted,




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CERTIFICATE OF SERVICE

This is to certify that the electronic filing has been transmitted to the Commission on August 29, 2025, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means. Pursuant to prior Commission Orders no paper copies of this filing will be made.



Counsel, Atmos Energy Corporation