

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF ATMOS ENERGY	)	
CORPORATION TO ESTABLISH PRP RIDER RATES	)	CASE NO.
FOR THE TWELVE MONTH PERIOD BEGINNING	)	2025-00246
OCTOBER 1, 2025	)	

ATMOS ENERGY’S RESPONSE COMMENTS TO ATTORNEY GENERAL

Comes now, Atmos Energy Corporation (“Atmos Energy” or “Company”) by and through counsel, hereby submits its Comments in response to the Office of Attorney General’s (“AG”) comments submitted to the Kentucky Public Service Commission (“Commission”) on October 6, 2025.

The AG opposes any reduction to the tax depreciation deferred tax liability (“DTL”) subtracted from the Pipeline Replacement Program (“PRP”) rate base for a net operating loss carryforward (“NOLC”) deferred tax asset (“DTA”) as shown on Schedule F-1 within the Company’s Application. The AG also recommends that the Commission reject the Company’s proposed methodology and its proposal to eliminate the reduction to rate base for the tax depreciation in excess of book depreciation DTL.

The Company, while continuing to disagree with the use of a standalone Kentucky calculation for the generation and utilization of NOL Accumulated Deferred Income Taxes (“ADIT”) compared to the usage of Company’s corporate allocation methodology, accepts the AG’s recommendation for purposes of this Case.

In the Company's most recent general rate case proceeding, Case No. 2024-00276, the Company included a NOLC DTA balance through March 31, 2026, the end of the forecasted test period. This NOLC DTA incorporated all of the Company's taxable revenues and deductions, both related to PRP as well as non-PRP through June 30, 2024, the last period of actuals in the partially forecasted base period in that Case. The Company updated actual ADIT through September 30, 2024 in its rebuttal testimony, and this amount was finally later updated through March 31, 2025 based on post-hearing data requests¹ and was accepted by the Commission in its final Order.²

Additionally, in discovery submitted by the Company in this proceeding, the Company projects that Atmos Energy – Kentucky's standalone revenues and expenses from both PRP and non-PRP activity will result in taxable income for the fiscal year ending September 30, 2026.³ Because the NOLC DTA within Case No. 2024-00276 reflected both PRP and non-PRP revenues and expenses, and due to the Company's projection of taxable income for Atmos Energy Kentucky for Fiscal Year 2026, the Company accepts the AG's recommendation for purposes of this Case.

¹ Case No. 2024-00276, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief*, (Ky. PSC May 28, 2025) Atmos Energy Responses to Staff Post-Hearing Set 1, Item 6.

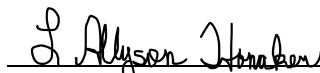
² Case No. 2024-00276, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief*, (Ky. PSC August 11, 2025) final Order at 15.

³ Atmos Energy's Response to Staff's First Request for Information, Item 2.

WHEREFORE, based on the foregoing, Atmos Energy agrees with the AG's comments for this proceeding.

Dated this the 10th day of October 2025.

Respectfully submitted,



L. Allyson Honaker

Heather S. Temple

Meredith L. Cave

HONAKER LAW OFFICE, PLLC

1795 Alysheba Way, Suite 1203

Lexington, Kentucky 40509

(859) 368-8803

allyson@hloky.com

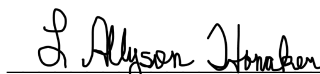
heather@hloky.com

meredith@hloky.com

Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing was transmitted to the Commission on October 10, 2025; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of the filing will be made.



Counsel for Atmos Energy Corporation