

**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In the Matter of:

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

ATMOS ENERGY CORPORATION'S VERIFIED RESPONSE TO
THE COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
ENTERED APRIL 13, 2026

Comes now Atmos Energy Corporation ("Atmos Energy"), by counsel, and does hereby tender its Verified Response to Commission Staff's First Request for Information entered April 13, 2026.

Filed: April 27, 2026

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-01
Page 1 of 1

REQUEST:

Refer to the Direct Testimony of Mark A. Martin (Martin Direct Testimony), page 4, line 1, which states that Atmos reviewed the Millennium system. Explain whether any material non-routine maintenance or safety needs were identified during the review or are otherwise known that will require capital expenditures within the first 24 months of ownership.

RESPONSE:

No safety needs or concerns were noted when Atmos Energy evaluated the system. There will be capital expenditures associated with changing approximately 94 meters, marker posts, purchase stations upgrades including SCADA, and signage updates.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-02
Page 1 of 1

REQUEST:

Refer to Martin Direct Testimony, page 6, line 14, which states customers will move to the appropriate Atmos tariff.

RESPONSE:

Yes, each customer will be moved to the appropriate rate schedule under Atmos Energy's tariff.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-03
Page 1 of 1

REQUEST:

Provide the average changes in the monthly bill amount for each rate class of Millennium customers once they transition to Atmos's rates, including riders and surcharges.

- a. Explain whether Millennium customers will be immediately subject to Atmos's existing surcharges or riders.

RESPONSE:

The annual change in the bill amount for residential customers is \$223.35.

The annual change in the bill amount for commercial customers is \$184.84.

Yes, Millennium customers will be immediately subject to Atmos Energy's existing surcharges and riders once the acquisition is approved by the Commission.

Refer also to the Company's response to Staff DR 1-13.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-04
Page 1 of 1

REQUEST:

Refer to the Martin Direct Testimony, page 4, lines 4-5.

- a. Provide the net book value of Millennium's assets that were included in the proposed transaction.
- b. Provide the amount that Atmos anticipates to recover related to the proposed transaction from its ratepayers in its next base rate proceeding.
- c. If Atmos anticipates recovery of any amount that exceeds the net book value of Millennium's assets that were included in the proposed transaction, provide an explanation for why Atmos should be permitted to recover any excess of Millennium's net book value in its next base rate proceeding.

RESPONSE:

- a. As of June 2024, the net book value of Millennium's assets that were included in the proposed transaction were \$409,721. Once the date of the transaction is known, the net book value will be refreshed.
- b. Atmos Energy anticipates rolling the acquired facilities into the next rate case excluding the \$25,000 paid over book value. The revenue derived from these customers is more than adequate to cover the corresponding investment and de minimis incremental O&M.
- c. As previously stated, the Company does not propose to recover any amount that exceeds the net book value of Millennium's assets that are included in the proposed transaction.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-05
Page 1 of 1

REQUEST:

Refer to the Application, Schedule 4(n) Assignment Consents. Explain when Atmos will provide the final, executed version of Schedule 4(n) to the Commission.

RESPONSE:

Atmos Energy will provide the Commission with proof of the Schedule 4(n) Assignment Consents within a reasonable time period after the Commission approves the transaction and the purchase is finalized.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-06
Page 1 of 1

REQUEST:

Refer to Exhibit 5, page 2, Section 1. Purchase and Sale, subpart (b), excludes all employees from the transfer. Provide the number of Millennium employees and explain how Atmos plans to ensure that it has the technical and managerial knowledge specific to operating the Simpson County route if no Millennium personnel are being retained.

RESPONSE:

The Millennium system is small and currently only has one employee that spends only part of their time on the system. The Millennium system is in very close proximity to Atmos Energy's existing system in Franklin, Kentucky where there is currently have a warehouse and a Town Operator. Atmos Energy's current employee is Qualified in all applicable tasks needed to operate the Millennium system. The Town Operator is also supported by the Company's larger workforce out of Bowling Green, Kentucky.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-07
Page 1 of 1

REQUEST:

Refer to Exhibit 5, page 2, Section 1. Purchase and Sale, subpart (c) states that Atmos assumes liabilities relating to periods on and after the Effective Time of January 1, 2026. However, the application was filed in March 2026. Describe how operational liabilities and revenues will be handled for the interim period between January 1, 2026 and the final Commission decision. Provide documentation to support the description.

RESPONSE:

All revenues and liabilities will remain with Millennium until the acquisition is approved by the Commission and a reasonable transition period has occurred. This provision of the contract will be amended.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-08
Page 1 of 1

REQUEST:

Describe any system improvement project needs that Atmos has identified with the current system under Millennium. If any system improvement projects have been identified, explain each project that Atmos plans to undertake after assuming control of Millennium's current service territory.

RESPONSE:

Atmos Energy is proposing to tie the Millennium system into the existing distribution system in Franklin, Kentucky. This would allow for a two-way feed to both systems having gas available from Texas Gas Transmission, LLC as well as Midwestern Gas Transmission Co. This extension would consist of approximately 2,000 feet of 4 inch PE along with valves, tracer wire, and marker posts with an approximate cost of \$225,000. The Company anticipates undertaking this project within the first 12 months of system conversion.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-09
Page 1 of 1

REQUEST:

Provide copies of any filings or applications regarding proposed transfer/merger that have been filed with any additional regulatory agency on behalf of Atmos.

RESPONSE:

No other regulatory approvals are necessary.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-10
Page 1 of 1

REQUEST:

Provide the proposed accounting journal entries that will be recorded on Atmos's books to reflect the proposed transfer/merger using estimated dollar amounts if actual amounts are not known at this time.

RESPONSE:

Original Asset Cost	\$1,045,145.33
Acquisition Cost	\$435,000.00
Reserve	\$635,145.33

Proposed Acquisition Entries			
Account	Account Description	DR	CR
1310	Cash		\$435,000.00
1020	Gas Plant purchased or sold	\$435,000.00	
1010	Gas Plant in Service	\$1,045,145.33	
1080	Accum Prov for Depreciation		\$635,145.33
1020	Gas Plant purchased or sold		\$435,000.00
1140	GasPlant Acquisition Adjustment	\$25,000.00	
		\$1,505,145.33	\$1,505,145.33

Note: These are sample entries based on hypothetical values. The actual values will be updated based on final values as of the date the transaction closes.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-11
Page 1 of 1

REQUEST:

Provide copies of all reports submitted by rating agencies and financial advisors to Atmos related to the proposed transfer of indirect control of Millennium.

RESPONSE:

There have been no reports issued by rating agencies or financial advisors related to this transaction.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-12
Page 1 of 1

REQUEST:

Provide copies of any documents authorizing the transfer that were issued by a governing body of Atmos.

RESPONSE:

There are no documents authorizing the transfer.

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-13
Page 1 of 1

REQUEST:

Refer to Martin Direct Testimony, page 6, lines 13-14. Provide a side-by-side calculation showing the current Millennium monthly bill for a residential customer using Mcf compared to an Atmos bill for the same usage, specifically identifying each surcharge and rider that will be newly applied.

RESPONSE:

See the tables below.

Average Annual Bill Analysis for Residential Customers															
	Distribution		DSM		R&D		Average	Annual	Monthly	Annual	Monthly	Annual			
	Charge	GCA	Cost Recovery		Unit	Total	Annual	Variable	Customer	Customer	PRP	PRP			
	Per Mcf	Per Mcf	Mechanism per MCF		Charge	Per Mcf	Mcf	Charges	Charge	Charge	Charge	Charge	Annual Bill		
Atmos Energy	\$ 1.63	\$ 5.00	\$	0.00	\$	0.02	\$	6.65	46	\$ 305.74	\$ 25.00	\$ 300.00	\$ 2.61	\$ 31.26	\$ 637.01
Millennium	\$ 4.00	\$ 3.43					\$ 7.43	46	\$ 341.66	\$ 6.00	\$ 72.00				\$ 413.66

Average Annual Bill Analysis for Commercial Customers													
	Distribution		R&D		Average	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	
	Charge	GCA	Unit		Total	Annual	Variable	Customer	Customer	PRP	PRP	Annual	
	Per Mcf	Per Mcf	Charge		Per Mcf	Mcf	Charges	Charge	Charge	Charge	Charge	Annual Bill	
Atmos Energy	\$ 0.00	\$ 5.00	\$	0.02	\$	5.02	516	\$ 2,592.77	\$ 75.00	\$ 900.00	\$ 20.71	\$ 248.56	\$ 3,741.33
Millennium	\$ 3.00	\$ 3.43			\$	6.43	516	\$ 3,316.49	\$ 20.00	\$ 240.00		\$ -	\$ 3,556.49

Respondent: Mark Martin

Case No. 2026-00061
Atmos Energy Corporation, Kentucky Division
Staff DR Set No. 1
Question No. 1-14
Page 1 of 1

REQUEST:

Refer to the Application, generally.

- a. Explain how the Correction Factor (CF) within the GCA formula will be calculated for the first billing cycle post-closing to ensure Millennium customers are not subsidizing or being subsidized by the existing Atmos customer base.
- b. Explain the approach that will be used to calculate surcharges like the Annual Review Mechanism (ARM) or Pipeline Replacement Program (PRP).
- c. State whether the existing formulaic surcharges will be applied to the 95 Millennium accounts immediately upon closing.

RESPONSE:

- a. The Company does not adjust the GCA rate as new customers are added or customers are lost. As current customers move out, they are no longer responsible for any deferred gas cost under collection incurred while they were customers nor do they receive credit for any deferred gas cost overage. Likewise, as new customers move into the Atmos Energy system they are charged the current GCA rate which may contain a correction factor for over or under collection of prior gas costs. The Company's approach for Millennium customers will be similar to how new customers are added in residential or commercial developments.
- b. All current tariff rates, including the PRP, will be applied to customer bills as is the process for all new customers added to the system.
- c. Yes. See the response to subpart (b).

Respondent: Mark Martin