

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

ELECTRONIC INVESTIGATION	)	
INTO THE AFFORDABILITY OF	)	CASE NO. 2026-00185
ELECTRIC AND NATURAL GAS	)	
UTILITY SERVICE AND	)	
RELATED MATTERS	)	

INITIAL COMMENTS OF ATMOS ENERGY CORPORATION

Atmos Energy Corporation (“Atmos Energy” or the “Company”) respectfully submits these Initial Comments in response to the Kentucky Public Service Commission’s (“Commission”) August 26, 2026 Order establishing a proceeding to investigate issues related to the affordability of electric and natural gas utility service and directing parties to file comments identifying issues for examination and topics for any subsequent informal or technical conference.

I. INTRODUCTION

Atmos Energy remains committed to providing safe, reliable, and affordable service. As discussed further below, the percentage of household income devoted to residential natural gas bills for Atmos Energy’s Kentucky customers has *decreased* over the past two decades. Atmos Energy encourages the use of this docket to develop and expand upon practical, measurable approaches to address affordability.

Because affordability measures can affect utility revenues, cost recovery, credit metrics, access to capital, collection costs, customer service costs, field costs, and write-offs, proposals aimed at affordability concerns be considered alongside the investments needed to maintain safe and reliable natural gas service. While Atmos Energy recognizes that there are a multitude of considerations and factors that contribute to providing affordable and reliable gas and electric

service,¹ the Company submits that there are three crucial areas where the Commission can build upon existing programs to maintain and improve the affordability of natural gas utility service for residential ratepayers. The three areas Atmos Energy wishes to emphasize in these Initial Comments are: 1) fuel choice and efficiency, 2) economic development that supports load growth and access to natural gas supply, and 3) energy assistance. Each of these issues is further discussed in Section II, and Section III addresses certain other topics referenced in the Commission's Order.

II. FACTORS SUPPORTING AFFORDABILITY

The Commission and General Assembly have already established a strong foundation for maintaining affordable gas service for residential customers through 1) adoption of Kentucky's all-fuels policy and approval of demand-side management and low-income weatherization programs; 2) approval of economic development policies that support load growth and access to natural gas supply; and 3) support of energy assistance. Atmos Energy's Initial Comments identify opportunities to build upon these existing policies and programs while recognizing the Commission's continuing role in evaluating affordability and reliable service.

A. Fuel Choice and Energy Efficiency

Fuel choice and efficiency are critical to maintaining affordable, reliable natural gas service. Kentucky's all-fuels policy, reflected in K.R.S. 65.113, supports customers' ability to choose the fuel source that best fits their needs, and prohibits local governments from restricting or banning a consumer's ability to use a specific energy source. For Kentucky residential customers, natural gas is the most affordable, efficient, and reliable energy source for space-heating, water heating, cooking, and clothes drying. In fact, in Kentucky, natural gas is around

¹ The Order is directed to both electric and natural gas providers, and many of the comments contained herein are applicable to both gas and electric service. However, as a natural gas provider, Atmos Energy's Initial Comments are focused on considerations applicable to natural gas.

one third of the cost of electricity for the same amount of energy delivered for these residential end uses.² Kentucky should remain a leader in protecting customers' rights to make energy source decisions that keep rates affordable for them.

While natural gas remains a cost-effective choice for many household end-uses, customers have opportunities to further reduce bills. Efficiency measures range from making home piping, wiring, and plumbing code compliant to using high-efficiency equipment, smart thermostats, weatherization, and other conservation measures. Atmos Energy respectfully suggests that the Commission consider savings customers can achieve through these efficiency measures. Relevant measures to consider include energy savings, dollar savings, participation levels, persistence of savings, and participation by customers experiencing higher energy burdens.

Additionally, Atmos Energy encourages the Commission to evaluate energy efficiency programs that provide real savings to customers through long-term lower energy usage. Atmos Energy supports practical opportunities, including updating home infrastructure, weatherization, use of high-efficiency equipment and smart thermostats, and other measures suited to customer circumstances. Atmos Energy suggests that the Commission examine which efficiency measure deliver lasting bill savings and how to help more customers access them.

B. Economic Development and Access to Natural Gas Supply

Atmos Energy also views economic development as an important component of maintaining affordable natural gas and electric utility service, not only to support load growth but also to support Kentucky's access to natural gas supply. Kentucky has already taken steps to embrace this component of affordable utility service. Economic development can broaden the

² US Energy Information Agency, www.eia.gov residential customer electric rates for the twelve months ending May 2026; Atmos Energy's average residential customer rates for the twelve months ending May 2026.

customer base and support community prosperity, which can help distribute fixed utility-system costs. Access to natural gas supply through the facilitation of pipelines and storage construction in Kentucky supports lower commodity costs, which translates to lower bills for customers. The Commission and the Kentucky legislature both enacted policies supporting economic development, and Atmos Energy submits that the purpose and overall impact of these policies should be considered in the context of this docket as well.

For example, the Commission approved Atmos Energy's Economic Development Rider, the stated purpose of which is "to allow the Company to offer incentive or discount type rates designed to enhance the Company's system utilization while encouraging industrial development and job growth within the Company's service areas."³ In addition, through the Product Development Initiative created through HB 745, the Kentucky General Assembly approved a statewide program supporting industrial-site development, infrastructure improvements, and project-ready locations to attract new employers and capital investment.⁴ Efforts undertaken to support infrastructure improvements and attract customer growth are steps that can result in lower customer rates by spreading out fixed energy costs across a broader customer base.

C. Energy Assistance

Atmos Energy suggests that the Commission continue to focus on promoting available energy-assistance programs and bill-management tools to Kentucky ratepayers. This includes increasing awareness of the Low-Income Home Energy Assistance Program ("LIHEAP") and other available assistance programs, as well as budget-billing and related programs that can help

³ Atmos Energy Corporation Rates – Charges – Rules – Regulations for Furnishing Natural Gas, PSC KY. No. 2, First Revised SHEET No. 40, <https://www.atmosenergy.com/static/10bd551247669dac80d184dc64254d30/Kentucky%20Tariff%20-%20August%202026.pdf>

⁴ <https://legiscan.com/KY/bill/HB745/2022>

customers manage their bills and avoid disconnection. Existing regulations, tariff provisions with payment options, customer protections, and assistance programs provide a starting point for that discussion.

Atmos Energy's Kentucky customers have several payment options and bill-management tools. Flexible installment plans allow customers to spread a past-due balance over time, while Budget Billing reduces seasonal fluctuations through more predictable monthly payments. Approximately 48% of Atmos Energy's customers are signed up for electronic billing, and approximately 9% have elected to use Budget Billing. Additionally, Atmos Energy directs customers to Sharing the Warmth and the federally funded LIHEAP. Kentucky customers may access assistance through approximately 11 partner agencies. Atmos Energy suggests that it may be helpful to explore in this proceeding how these programs can be extended to more customers to assist with managing their energy bills, especially before high-use winter months.

III. ADDITIONAL COMMENTS ON ISSUES IDENTIFIED IN THE ORDER

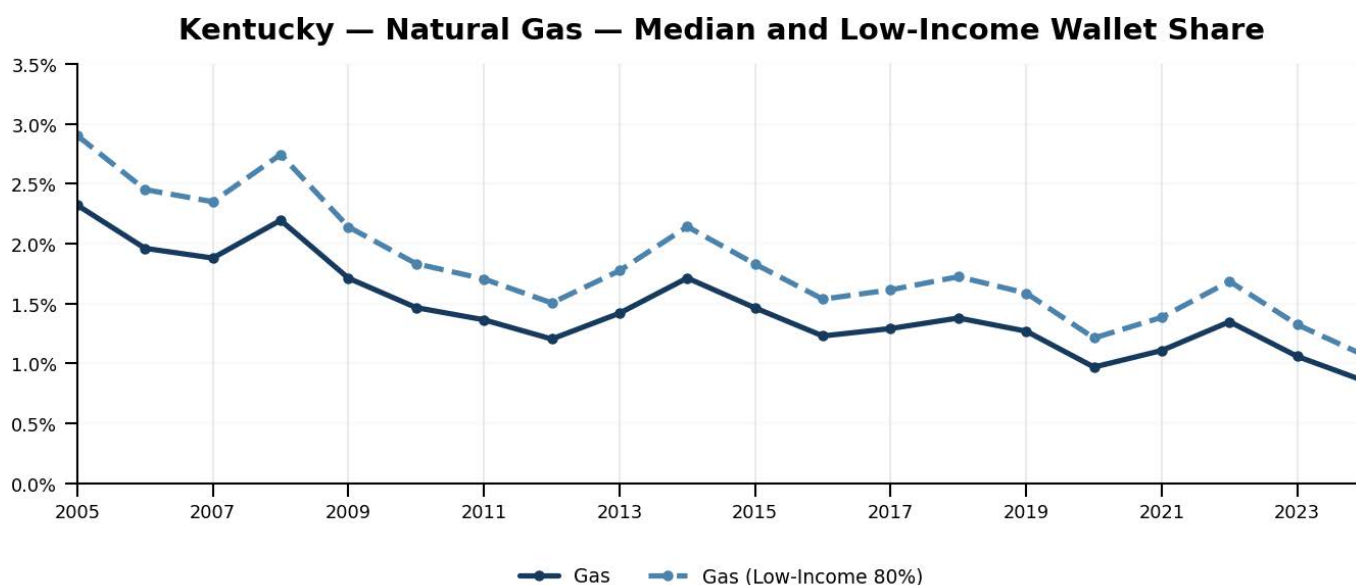
As part of the Commission's undertaking to better understand affordability concerns in Kentucky and to identify measures to respond accordingly, the Commission's Order listed sixteen topics to be considered as part of this investigation. The Commission directed parties to "file initial comments identifying the issues they believe should be examined and a short list of proposed topics for discussion."⁵ In addition to the three topics discussed in Section II, Atmos Energy provides the following comments on some of the sixteen topics noted in the Order. The Company clarifies that these Initial Comments are in addition to the remarks contained in Section II and that the Company is reserving its right to supplement its Initial Comments as the proceeding develops, and, if necessary, to respond to comments filed by other parties.

⁵ Order at p. 10.

1. Nature and Extent of Affordability Concerns and Appropriate Measures for Evaluating Reliability (Order Topic 1)

a. *Nature and Extent of Affordability Concerns*

Atmos Energy submits that the nature and extent of affordability concerns for natural gas and electric residential customers is best evaluated when undertaking a comprehensive assessment of multiple considerations. A non-exhaustive list of some of these considerations includes: the *total cost of* meeting household energy needs, bill predictability, energy burden, opportunities to reduce consumption, and access to assistance. One measure that is particularly helpful when analyzing the affordability of natural gas for residential customers is “wallet share,” or the percentage of total household income attributable to the natural gas utility bill. The infographic below demonstrates how the percentage of total household income dedicated to paying residential natural gas bills has declined over time for Atmos Energy customers in Kentucky:



Source: Atmos Energy Corporation, Energy Information Administration, U.S. Census Bureau - FRED Federal Reserve Bank of St. Louis

(1) Income figures are benchmarked to state-level median household income data from the Federal Reserve Bank of St. Louis's FRED (Federal Reserve Economic Data) platform. To improve geographic accuracy for utilities with concentrated footprints, county-level income data was used where applicable, specifically ATO was done by a weighted average of customers in counties served.

(2) Office of Policy Development, “low-income” is defined as 80% of the median income for the area, subject to adjustments for areas with unusually high or low incomes or housing costs.

For 2026, Atmos Energy's average residential bill is approximately \$61 per month, and the overall natural gas cost represents approximately 1% of household income, or 1.1% for low-income customers, which reflects a decrease from 2.4% and 3%, respectively, in 2020~~20~~5. The Commission should consider the resulting customer bill and a customer's ability to manage utility payments over time, taking into account all previously noted considerations rather than viewing any single factor in isolation. The Commission could also compare different energy sources on a common cost-per-unit-of-energy basis, such as dollars per MMBtu, alongside representative customer bills.

Affordability measures also should be evaluated by taking into account customer outcomes such as participation in existing programs such as energy efficiency offerings and bill assistance, energy and dollar savings, reductions in arrearages, maintained service, and fewer disconnections. The Commission can obtain the most useful comparison by examining representative low-income, average-income, and high-usage bills and identifying the dollar and percentage contribution of each component for each profile rather than relying on a single statewide average.

In sum, affordability is best evaluated by making a comprehensive assessment of a multitude of factors, while also taking into account the long-term requirements needed to provide safe and reliable utility infrastructure.

2. Factors Contributing to Affordability Challenges (Order Topic 2)

Affordability challenges reflect multiple, interrelated factors, including customer income and household circumstances, weather and usage, energy prices, access to energy supply and storage, rate design, infrastructure requirements, and the availability of assistance. The Commission should consider these factors together rather than attributing affordability outcomes to a single cause.

Energy prices and usage patterns also affect affordability. Commodity costs may fluctuate with market conditions, while consumption varies with weather, household characteristics, equipment efficiency, and conservation. The Commission's analysis should distinguish those drivers from changes in regulated base rates and other charges.

3. Strategies to Reduce Payment Delinquencies and Disconnections (Order Topic 4)

Atmos Energy respectfully suggests that efforts should focus on early outreach before high-use winter periods, ensuring timely referrals to assistance agencies, and clear promotion of Budget Billing and installment plans. Outcomes can be monitored through delinquency, arrearage, arrangement completion, assistance participation, disconnection, and reconnection data.

4. Disconnection Policies, Fees, Penalties, and Minimum Arrears (Order Topic 5)

Atmos Energy suggests that utility-specific flexibility is preferable to a single statewide threshold, or "one size fits all" approach because utilities differ in size, customer mix, systems, and service conditions. If standardization is considered, customer outcomes, assistance availability, and administrative costs should inform the evaluation.

The Company's current policies provide repeated notice and opportunities to pay or seek assistance before service is disconnected, while supporting responsible collection of amounts owed. The graduated process includes a due-date reminder, past-due and termination notices, and a courtesy call before release of a disconnection order. Customers with a medical need certificate receive an additional 30-day extension, for a total 90-day delinquency period. Further, Atmos Energy does not disconnect customers in Kentucky when actual or forecasted temperatures are at or below 32 degrees. These thresholds and protections may provide useful reference points for evaluating any proposed changes.

5. Differences Among Utility Business Models, Service Territories, and Circumstances (Order Topic 8)

Kentucky utilities have different business models, corporate structures, service territories, customer demographics, housing conditions, and available assistance resources. Urban and rural systems, for example, may face different administrative, transportation, infrastructure, and outreach conditions. The impact of differing corporate structures and investment needs must be considered when evaluating the financing decisions made by each utility's management. As such, Atmos Energy respectfully suggests a flexible approach: common definitions, outcome measures, and minimum protections can improve transparency, while implementation should account for differences in utility size, corporate structure, customer mix, service territory, existing tariffs, and available resources.

6. Relative Contribution of Bill Components to Overall Customer Bills (Order Topic 10)

The relative contribution of each component varies with weather, household size, equipment, usage, and the customer's rate schedule. Gas commodity costs are generally the primary driver of month-to-month and year-to-year bill variability because they fluctuate with market conditions and seasonal consumption. Gas-cost adjustments pass prudently incurred commodity costs through to customers without a utility margin on the commodity itself.

Fixed charges can improve recovery of costs that do not vary with usage and may increase bill certainty, but they can affect low-usage and seasonal customers differently and may reduce conservation signals if set too high. Any adjustment should be evaluated using representative customer bills, energy-burden data, and cost-of-service principles.

7. Opportunities for Enhanced Coordination Among Stakeholders (Order Topic 14)

Atmos Energy supports coordination among utilities, state agencies, community action agencies, consumer advocates, and other organizations through common customer-facing materials, referral protocols, and outreach before and during high-use winter periods. Current barriers include differing eligibility rules, limited agency funding and staffing, first-come/first-served administration, inconsistent data systems, privacy restrictions, and no common statewide intake process. Predictable referral protocols, regular utility-agency meetings, shared outreach calendars, and aggregate reporting with appropriate consent and privacy protections could improve timeliness and reduce duplicative applications.

IV. CONCLUSION

Atmos Energy appreciates the Commission's consideration of these Initial Comments, welcomes the opportunity to work with Staff, parties and stakeholders, and looks forward to participating in further proceedings, and offering additional comments as the proceeding unfolds. The Company remains committed to the Kentucky communities it serves and to supporting the provision of safe, reliable, and affordable natural gas service.

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing was transmitted to the Commission on October 1, 2026, and that there are no parties that the Commission has excused from participation by electronic means in this proceeding. Pursuant to prior Commission Orders, no paper copies of this filing will be made.



Counsel for Atmos Energy Corporation