HONAKER
LAW
OFFICE

Heather S. Temple
(859) 368-8803
heather@hloky.com

July 31, 2026

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

Re: *Electronic Application of Atmos Energy Corporation For an Adjustment to Rider PM Rates Beginning October 1, 2026*
Case No. 2026-00201

Dear Ms. Bridwell:

Enclosed, please find for filing, Atmos Energy Corporation's Application in the above styled case.

This is to certify that the electronic filing has been transmitted to the Commission on July 31, 2026, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085 no paper copies of this filing will be made.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Heather S. Temple
Heather S. Temple

Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

IN THE MATTER OF

APPLICATION OF ATMOS ENERGY	)	
CORPORATION TO ESTABLISH PM	)	
RIDER RATES FOR THE TWELVE	)	**CASE NO.**
MONTH PERIOD BEGINNING	)	**2026-00201**
OCTOBER 1, 2026	)	

APPLICATION

Atmos Energy Corporation ("Atmos Energy" or "Company"), by counsel, applies to the Kentucky Public Service Commission ("Commission"), for approval to establish Pipeline Modernization ("PM") Rider Rates for the 12-month period beginning October 1, 2026. In support of this Application, Company states as follows:

I. INTRODUCTION

1. Atmos Energy is a foreign corporation with its headquarters in Dallas, Texas and its Kentucky office in Owensboro, Kentucky. Atmos Energy provides natural gas service to over 3.3 million residential, commercial, industrial, and public-authority customers in eight states through its six gas utility operating divisions. The gas operating divisions are located in Denver, Colorado (Colorado-Kansas Division); Baton Rouge, Louisiana (Louisiana Division); Jackson, Mississippi (Mississippi Division); Lubbock, Texas (West Texas Division); Dallas, Texas (Mid-Tex Division); and Franklin, Tennessee (Kentucky/Mid-States Division). Atmos Energy provides service to approximately 180,694 customers throughout its service area extending from Western to Central Kentucky. Atmos Energy's customers are made up of residential, commercial, and industrial customers. Residential class customer accounts are the majority of meters,

approximately 160,460. Atmos Energy's natural gas deliveries totaled approximately 51.6 Bcf during the 12-month period ending June 2026.

2. Atmos Energy is a utility as defined by KRS 278.010(3)(b) and is subject to the jurisdiction of the Kentucky Public Service Commission ("Commission") pursuant to KRS 278.040.

3. In Case No. 2024-00276, Atmos Energy proposed the PM Rider to provide accelerated recovery for projects that are required to comply with the Pipeline and Hazardous Materials Safety Administration ("PHMSA") new regulations termed the "Mega Rule."[1] The Commission granted Atmos Energy's request to establish the PM Rider, but indicated projects necessary to comply with the Mega Rule would require CPCN's before recovery through the PM Rider would be approved.[2] In Case No. 2026-00202, Atmos Energy is requesting Certificates of Public Convenience and Necessity ("CPCN") for two projects Atmos Energy intends to recovery through the PM Rider.[3]

4. Atmos Energy is now requesting to adjust its PM Rider rate to reflect inclusion of projects necessary to comply with the PHMSA Mega Rule.

II. FILING REQUIREMENTS

5. Pursuant to 807 KAR 5:001, Section 14(1) Atmos Energy states that its full name is Atmos Energy Corporation. Its mailing address is 3275 Highland Pointe Drive, Owensboro,

---

[1] Case No. 2024-00276, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief*, Direct Testimony of T. Ryan Austin (filed September 27, 2024).

[2] Case No. 2024-00276, August 11, 2025 Order at 65 (Ky. PSC August 11, 2025 Order).

[3] Case No. 2026-00202, *Electronic Application of Atmos Energy Corporation for Certificates of Public Convenience and Necessity for Projects to be Included in the Pipeline Modernization Rider* (filed July 31, 2026).

Kentucky 42303 and its email address is mark.martin@atmosenergy.com. Atmos Energy's telephone number is (270) 685-8000 and its facsimile number is (270) 689-2076.

6. Atmos Energy requests that the following be included on the service list for this proceeding:

Mark Martin – mark.martin@atmosenergy.com
Vice President-Rates and Regulatory Affairs for Kentucky/Mid-States Division

L. Allyson Honaker – allyson@hloky.com
Honaker Law Office, PLLC – Counsel for Atmos Energy

Heather S. Temple – heather@hloky.com
Honaker Law Office, PLLC – Counsel for Atmos Energy

Meredith Cave – meredith@hloky.com
Honaker Law Office, PLLC – Counsel for Atmos Energy

7. Pursuant to 807 KAR 5:001, Section 14(2), Atmos Energy was initially incorporated in Texas on February 6, 1981. Its articles of incorporation were filed in Case No. 2021-00214.[4] Atmos Energy states it is a foreign corporation in good standing to operate in Kentucky. A certificate of good standing is included as **Exhibit 1**.

8. Pursuant to 807 KAR 5:001, Section 15(2)(a), Atmos Energy is including the facts relied upon to show on which the relief being requested in this Application and through the **Exhibit 2** the Direct Testimony of Mark Martin, discussing the PM Rider rate calculation and **Exhibit 3** the Direct Testimony of Ryan Chastain, discussing the projects necessary for compliance with the Mega Rule.

---

[4] Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (filed June 30, 2021).

9. Revised tariff sheets shown by a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions and revised tariff sheets are provided as **Exhibit 4**.

WHEREFORE, the Company respectfully requests the Commission to enter an Order:

(1) Approve the attached PM Rider Rates for the 12-month period beginning October 1, 2026;

(2) Approve the projects contained in this Application specifically in Exhibit 3, the Direct Testimony of Ryan Chastain to be recovered through the PM Rider; and

(3) All other relief to which Atmos Energy may be entitled.

This the 31st day of July, 2026.

Respectfully submitted,

Heather S. Temple

L. Allyson Honaker
Heather S. Temple
Meredith S. Cave
HONAKER LAW OFFICE
1795 Alysheba Way, Suite 1203
Lexington, Kentucky 40509
allyson@hloky.com
heather@hloky.com
meredith@hloky.com

Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing was transmitted to the Commission for filing on July 31, 2026; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; by virtue of the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of this filing will be made.

Heather S. Temple

Counsel, Atmos Energy Corporation

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PIPELINE MODERNIZATION RIDER RATES FOR THE TWELVE-MONTH PERIOD BEGINNING OCTOBER 1, 2026	)))))	CASE NO. 2026-00201

CERTIFICATE AND AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the statements contained in the attached Application are true and correct to the best of his knowledge and belief.

Mark A. Martin

Mark A. Martin

STATE OF KENTUCKY

COUNTY OF DAVIESS

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 21 day of July, 2026.

Mariam Lynne Tucker

Notary Public

My Commission Expires: December 8, 2029

MARIAM LYNNE TUCKER
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP41528
MY COMMISSION EXPIRES DECEMBER 8, 2029

Exhibit 1

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Authorization

Authentication number: 319568
Visit https://web.sos.ky.gov/ftshow/certvalidate.aspx to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

ATMOS ENERGY CORPORATION

, a corporation organized under the laws of the state of Texas, is authorized to transact business in the Commonwealth of Kentucky, and received the authority to transact business in Kentucky on December 14, 1987.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that an application for certificate of withdrawal has not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 19th day of September, 2024, in the 233rd year of the Commonwealth.

Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
319568/0237484

Exhibit 2

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

IN THE MATTER OF

APPLICATION OF ATMOS ENERGY	**)**	
CORPORATION TO ESTABLISH PM	**)**	**CASE NO.**
RIDER RATES FOR THE TWELVE	**)**	**2026-00201**
MONTH PERIOD BEGINNING	**)**	
OCTOBER 1, 2026	**)**	

DIRECT TESTIMONY OF MARK MARTIN

DATED: July 31, 2026

Table of Contents

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. I am Vice President of Rates & Regulatory Affairs for the Kentucky/Mid-States Division of Atmos Energy Corporation ("Atmos Energy" or the "Company"). My business address is 3275 Highland Pointe Drive, Owensboro, Kentucky 42303.

Q. PLEASE BRIEFLY DESCRIBE YOUR RESPONSIBILITIES AND PROFESSIONAL BACKGROUND.

A. I am responsible for all rate and regulatory matters in Kentucky, Tennessee, and Virginia. I graduated from Eastern Illinois University in 1995 with a degree in Accounting. I have been with Atmos Energy Corporation (and its predecessor, United Cities Gas Company) since September 1995. I have served in a variety of positions of increasing responsibility in both Gas Supply and Rates prior to assuming my current responsibilities in 2007.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION?

A. Yes, I filed testimony in several cases at the Commission. Most recently I provided testimony in Case No. 2026-00061.[1]

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY ON MATTERS BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes, I have filed testimony before the Georgia Public Service Commission, the Illinois Commerce Commission, the Missouri Public Service Commission, the South Carolina Public Service Commission, the Tennessee Public Utility Commission, and the Virginia State Corporation Commission.

[1] Electronic Joint Application of Atmos Energy Corporation and Millennium Energy, Inc. for Approval of the Transfer of Ownership and Control of Millennium Energy, Inc., Case No. 2026-00061 (Ky. P.S.C. filed March 11, 2026).

II. PURPOSE & SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony sponsors Atmos Energy's Application to establish Pipeline Modernization (PM) Rider rates for the twelve-month period beginning October 1, 2026. I explain the Company's compliance with the Commission Order in Case No. 2024-00276, sponsor the revenue requirement schedules supporting the proposed rider, discuss the Company's proposed PM Rider investments, and recommend approval of the requested PM Rider rates.

III. PM RIDER UPDATE

Q. HAS THE COMPANY PREPARED THIS FILING CONSISTENT WITH THE COMMISSION'S ORDERS IN CASE NO. 2024-00276?

A. Yes. This filing complies with the Commission's Order in Case No. 2024-00276. The revenue requirement reflects the authorized capital structure and overall rate of return approved by the Commission and has been prepared in accordance with the Company's approved PM Rider tariff.

Q. PLEASE DISCUSS THE RATE OF RETURN USED IN THIS FILING.

A. In its December 17, 2025 Order in Case No. 2025-00246, the Commission authorized Atmos Energy to use the PRP return on equity approved in its most recent general rate case in future PRP filings without submitting separate ROE testimony unless otherwise ordered by the Commission.[2] Consistent with that directive, the Company has utilized the Commission-approved capital structure and overall rate of return from its most recent general rate case in calculating the PM Rider revenue requirement as well. This approach is consistent with the Company proposed PRP filing in Case No. 2026-00200.

---

[2] *Electronic Application of Atmos Energy Corporation to Establish PRP Rider Rates for the Twelve Month Period Beginning October 1, 2025*, Case No. 2025-00246, Ordering Parag. No. 3, at pp. 12-13 (Ky. P.S.C. Dec. 17, 2025).

Q. PLEASE DISCUSS THE PROPOSED PM RIDER PROJECTS INCLUDED IN THIS APPLICATION.

A. The projects included in this filing are eligible Pipeline Modernization investments that improve the safety, integrity, and reliability of the Company's natural gas distribution system. Consistent with the Commission's Order in Case No. 2024-00276, the filing reflects two projects listed in Exhibit TRA-5 which was attached to the direct testimony of Company witness Ryan Austin in that proceeding. The engineering support for those projects is provided by Company witness, Ryan Chastain in this proceeding.

Q. PLEASE EXPLAIN WHY TIMELY IMPLEMENTATION OF PM RIDER RATES IS IMPORTANT.

A. Timely implementation minimizes regulatory lag and better aligns customer rates with the Company's investment in safe and reliable infrastructure. It also provides certainty needed to efficiently schedule contractors and complete pipeline modernization projects during the upcoming construction season.

IV. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PIPELINE MODERNIZATION RIDER RATES FOR THE TWELVE-MONTH PERIOD BEGINNING OCTOBER 1, 2026	)))))	CASE NO. 2026-00201

CERTIFICATE AND AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2026-00201 and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

Mark A. Martin

Mark A. Martin

STATE OF KENTUCKY

COUNTY OF DAVIESS

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 23 day of July, 2026.

Mariam Lynne Tucker

Notary Public

My Commission Expires: December 8, 2029

MARIAM LYNNE TUCKER
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP41528
MY COMMISSION EXPIRES DECEMBER 8, 2029

Exhibit 3

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

IN THE MATTER OF

APPLICATION OF ATMOS ENERGY	)	
CORPORATION TO ESTABLISH PM	)	
RIDER RATES FOR THE TWELVE	)	**CASE NO.**
MONTH PERIOD BEGINNING	)	**2026-00201**
OCTOBER 1, 2026	)	

TESTIMONY OF RYAN CHASTAIN

DATED: July 31, 2026

Table of Contents

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Ryan A. Chastain. I am Vice President of Technical Services with Atmos Energy Corporation ("Atmos Energy" or "Company"). My business address is 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067.

Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

A. My current responsibilities for the Company include oversight of engineering, geographic information systems, measurement, compliance, safety, related information technology, and procurement. The Technical Services Department is responsible for execution of Projects within our Pipeline Integrity Plan, Annual Department of Transportation ("DOT") filings, Contracting, and Project Management for planned system growth, improvement, and replacement projects.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Science degree in Mechanical Engineering from Lipscomb University in 2010. I am a Registered Professional Engineer in the State of Tennessee and the Commonwealth of Virginia. I have been employed by Atmos Energy for 15 years. During my time at Atmos Energy, I have held engineering positions of increasing responsibility with titles from Engineer 1 to Senior Engineer and Manager of Engineering Services. In those positions I was responsible for integrity management, geographic information systems, capital project management, and distribution facility replacement. I moved to my current role as Vice President of Technical Services in August of 2025.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION OR OTHER REGULATORY ENTITIES?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to describe the two projects Atmos Energy proposes to include in the Pipeline Modernization Rider ("PM Rider"), explain why those projects are necessary to comply with U.S. Department of Transportation Pipeline and Hazardous Materials Administration ("PHMSA") regulations. I also support the request to include these projects for recovery through Atmos Energy's Pipeline Modernization Rider ("PM Rider") that was established in Atmos Energy's last general rate case, Case No. 2024-00276.[1]

II. FEDERAL REQUIREMENTS NECESSIATING THE PROJECTS

Q. IN YOUR POSITION, ARE YOU FAMILIAR WITH FEDERAL AND STATE REGULATIONS REGARDING PIPELINE SAFETY AND INTEGRITY?

A. Yes.

Q. IS ATMOS ENERGY SUBJECT TO THE PHMSA'S RULES AND REGULATIONS REGARDING GAS DISTRIBUTION PIPELINE SAFETY?

A. Yes. Atmos Energy is subject to the PHMSA rules and regulations as those are promulgated by DOT and adopted by the Commission for Kentucky natural gas local distribution companies.

Q. DID PHMSA REQUIRE STATES TO ADOPT DISTRIBUTION PIPELINE SAFETY MEASURES?

[1] Case No. 2024-00276, August 11, 2025 Order (Ky. PSC August 11, 2025).

A. Yes. PHMSA emphasized the importance of oversight performed directly by the States. PHMSA stated specifically:

> *States must implement the minimum standards established by PHMSA but have a variety of ways in which they can oversee distribution pipeline safety. They can simply mirror the Federal pipeline safety program; they can impose additional requirements, beyond the Federal minimum; they can engage in special oversight programs with individual operators or groups of operators; or finally, they can provide incentives for safety improvements, often through their rate-setting authority. (emphasis added)*

> *It is appropriate that the principal actions for regulating distribution pipeline safety rest with the States. States need to balance safety and affordability. They need to ensure that the particular needs of their citizenry are fulfilled....*[2]

Q. PLEASE DISCUSS RECENT CHANGES TO PIPELINE SAFETY LAWS AND REGULATIONS?

A. In 2016 PHMSA published a Notice of Proposed Rulemaking ("NPRM") in response to the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 and related federal mandates and recommendations. The proposed rules in this NPRM have been collectively termed the "Mega Rule." On October 19, 2019, the first of these three separate rulemakings ("Mega Rule Part 1") was finalized with an effective date of July 1, 2020.[3] Mega Rule Part 1 operators of onshore steel transmission pipeline segments to reconfirm the maximum allowable operating pressure ("MAOP") of all pipeline segments that do not include historical pressure test records that are traceable, verifiable, and complete ("TVC"). Under this ruling, the pipeline segments are located in either High Consequence Areas ("HCAs"), or Class 3 & Class 4 locations.[4] In particular Mega Rule Part 1 requires:

[2] Notice of Proposed Rulemaking, 73 Fed. Reg. 36015 at 36017.

[3] Pipeline and Hazardous Materials Safety Administration, 84 Fed. Reg. 52180-52257 (Oct. 1, 2019).

[4] *See* 49 C.F.R. §§ 192.624, 192.632.

- Complete MAOP Reconfirmation of 50% of affected pipeline mileage by July 2028 (§192.624); and,
- Complete MAOP Reconfirmation of 100% of affected pipeline mileage by July 2035 (§192.624).

Q. WHY WAS THE MEGA RULE ISSUED?

A. The Mega Rule was issued to strengthen the safety and environmental protection of onshore gas transmission pipelines throughout the United States. The Mega Rule incorporates lessons learned through the investigation of the September 9, 2010, gas transmission pipeline incidence in San Bruno, California, which resulted in the death of eight people and injuries to more than 60 others.[5] In doing so, the Mega Rule revises the pipeline safety regulations that PHMSA issued under Title 49 of the Code of Federal Regulations, Part 192.

Q. PLEASE DISCUSS THE COMPANY'S STRATEGY TO ADDRESS THE NEW MEGA RULE REQUIREMENTS?

A. Where the Company can perform pressure tests, or reduce pressure without jeopardizing safety and reliability, it has been done. After completing the projects in this Application, there will be approximately 12.5 miles of transmission pipeline where pipe replacement will be the most effective way to reconfirm the MAOP because pressure testing or reducing the pressure in these segments is not possible. Replacement will allow the Company to keep our customers in service as well as modernize vintage pipeline so the lines will operate with a higher factor of safety. An ancillary benefit of the replacement work is that the Company will be able to install larger diameter pipe to enhance system reliability and

[5] *See generally* Pipeline Accident Report, NTSB/PAR-11/01 PB 2011-916501.

support the continued development of the areas where the replacement work will occur as these areas have grown significantly since the original pipe was installed.

Q. DID THE COMMISSION APPROVE THE PM RIDER?

A. Yes. In Case No. 2024-00276 the Commission approved Atmos Energy's request to implement the PM Rider. The Commission noted, "the Commission finds that any projects for which Atmos seeks to obtain accelerated recovery under the PM Rider must be approved via CPCN application. Furthermore, the PM rider shall be limited in scope to the projects listed in Exhibit TRA-5 to Mr. Austin's Direct Testimony."[6]

Q. ARE THE PROJECTS ATMOS IS REQUESTING TO BE INCLUDED IN THE PM RIDER LISTED IN EXHIBIT TRA-5?

A. Yes. The Hawsville Domtar Line Project is the third project on the list. The Bon Harbor Field Project is the twelfth project on the list.

III. HAWESVILLE DOMTAR LINE

Q. IS THE HAWESVILLE DOMTAR LINE PROJECT ONE ATMOS ENERGY HAS IDENTIFIED AS REPLACEMENT BEING NECESSARY TO COMPLY WITH THE MEGA RULE?

A. Yes.

Q. PLEASE DESCRIBE THE HAWESVILLE DOMTAR LINE PROJECT?

A. The Hawesville Domtar line project consists of the replacement of approximately 5,600 feet of transmission pipeline located in a Class 3 location and install approximately 5,600 feet of 8 inch High Pressure Distribution Pipeline in Hancock County, Kentucky. This pipeline was originally installed in 1966 and Atmos Energy is missing TVC testing records

---

[6] Case No. 2024-00276, August 11, 2026 Order at 65.

regarding this section of line. With the design parameters of the newly installed pipeline and materials, this replacement section will be redesigned from transmission to distribution. For additional information regarding this project and the request for a CPCN, please see Case No. 2026-00202.

Q. WHY IS REPLACEMENT THE MOST EFFECTIVE, AND SAFEST, OPTION FOR THE MAOP RECONFIRMATION OF THIS TRANSMISSION LINE?

A. Replacement of the pipeline would be the most effective and safest option because Atmos Energy will install the new pipeline while keeping the existing line in service. Replacement of the pipeline is the most effective and safest option. Atmos Energy will install new pipeline and material with a higher specified minimum yield strength (“SMYS”) because of more stringent design parameters, namely a thicker wall, and higher-grade pipe. Atmos Energy will also be installing pipeline with complete pressure testing and material records. The replaced pipe will operate at approximately 12.9% SMYS while the existing transmission pipe operates at 25.2% SMYS allowing this pipe to operate as a high pressure distribution pipe and removing the section of transmission class.

Q. DID ATMOS ENERGY CONSIDER OPTIONS OTHER THAN REPLACEMENT TO COMPLY WITH MEGA RULE PART 1 FOR THE HAWESVILLE DOMTAR LINE?

A. Yes. Atmos Energy evaluated testing and reducing pressure on the pipe, but as discussed above these were not viable solutions to comply with the Mega Rule.

Q. WHAT IS THE COST ESTIMATE FOR THIS PROJECT?

A. The total estimated cost for the replacement of this section of pipeline is $2,511,740.

Q. IS ATMOS ENERGY SEEKING RECOVERY OF THE COSTS OF THIS PROJECT IN THE PM RIDER?

A. Yes. Since this project is being undertaken to comply with the Mega Rule Part 1, Atmos Energy believes recovery through the PM Rider is appropriate. Furthermore, this project as included in the list of projects the Commission approved to be included in the PM Rider in Case No. 2024-00276.

Q. WHEN DOES ATMOS ENERGY PLAN TO BEGIN CONSTRUCTION ON THIS PROJECT?

A. Atmos Energy needs to begin construction in February 2027.

Q. HOW LONG IS CONSTRUCTION ANTICIPATED TO LAST?

A. Construction is anticipated to last approximately four (4) months.

Q. WILL CUSTOMERS SEE ANY SERVICE INTERRUPTIONS DUE TO THE PROJECT?

A. No. Atmos Energy does not anticipate customers seeing any service interruptions due to this project.

IV. BON HARBOR FIELD LINES PROJECT

Q. IS THE BON HARBOR FIELD LINEPROJECT ONE ATMOS ENERGY HAS IDENTIFIED AS REPLACEMENT BEING NECESSARY TO COMPLY WITH THE MEGA RULE?

A. Yes.

Q. PLEASE DESCRIBE THE BON HARBOR FIELD LINE PROJECT?

A. The Bon Harbor Field Line project consists of the replacement of approximately 2,300 feet of 4 inch, 6 inch, and 8 inch pipe and install approximately 2,300 feet of 4 inch and 8 inch transmission pipe located inside our Bon Harbor Storage field in Daviess County, Kentucky. This pipeline connects the Company's storage wellheads to the meter and regulator station to feed into the Owensboro system. The pipeline is missing testing and material records. For additional information regarding this project and the request for a CPCN, please see Case No. 2026-00202.

Q. WAS THE BON HARBOR FIELD LINE PROJECT INCLUDED IN THE PROJECT LIST IN CASE NO. 2024-00276 THAT WAS APPROVED TO BE INCLUDED IN THE PM RIDER?

A. Yes.

Q. WHY IS REPLACEMENT THE MOST EFFECTIVE, AND SAFEST, OPTION FOR THE MAOP RECONFIRMATION OF THIS TRANSMISSION LINE?

A. Replacement of the pipeline would be the most effective and safest option because Atmos Energy will install the new pipeline while keeping the existing line in service. This provides Atmos Energy the ability to continue to utilize the storage field, whether injection or withdrawal, during construction. To pressure test and verify all material properties, Atmos Energy would need to disconnect the existing pipeline from the wellheads and associated stations. This would make the storage field inoperable for an unknown amount of time while conducting the pressure test and verifying materials.

Q. DID ATMOS ENERGY CONSIDER OPTIONS OTHER THAN REPLACEMENT TO COMPLY WITH MEGA RULE PART 1 FOR THE BON HARBOR FIELD LINE?

A. Yes. As noted above, Atmos Energy did consider other options that would satisfy Mega Rule Part 1 but ultimately decided the other options would not be the safest or efficient use of funding.

Q. WHAT IS THE COST ESTIMATE FOR THIS PROJECT?

A. The cost estimate for the Bon Harbor Field Line Replacement project is $935,802.

Q. IS ATMOS ENERGY SEEKING RECOVERY OF THE COSTS OF THIS PROJECT IN THE PM RIDER?

A. Yes. Since this project is being undertaken to comply with the Mega Rule Part 1, Atmos Energy believes recovery through the PM Rider is appropriate. Furthermore, this project as included in the list of projects the Commission approved to be included in the PM Rider in Case No. 2024-00276.

Q. WHEN DOES ATMOS ENERGY PLAN TO BEGIN CONSTRUCTION ON THIS PROJECT?

A. Atmos Energy plans to begin construction of the Bon Harbor Field Lines in June of 2027.

V. CONCLUSION

Q. DO YOU BELIEVE THE HAWESVILLE DOMTAR LINE PROJECT AND THE DOMTAR FIELD LINE SHOULD BE INCLUDED IN THE PM RIDER?

A. Yes. Atmos Energy must comply with the PHMSA Mega Rule and these projects are being undertaken for compliance with the Mega Rule. Atmos Energy has requested a CPCN as directed by the Commission for these projects.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY CORPORATION TO ESTABLISH PIPELINE MODERNIZATION RIDER RATES FOR THE TWELVE-MONTH PERIOD BEGINNING OCTOBER 1, 2026	)))))	CASE NO. 2026-00201

CERTIFICATE AND AFFIDAVIT

The Affiant, Ryan A. Chastain, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2026-00201 and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

Ryan A Chastain

Ryan A. Chastain

STATE OF TENNESSEE

COUNTY OF WILLIAMSON

SUBSCRIBED AND SWORN to before me by Ryan A. Chastain on this the 23rd day of July, 2026.

Pamela Pleasant

Notary Public

My Commission Expires: 01-24-2028

PAMELA PLEASANT
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.

Exhibit 4

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Pipeline Modernization Rider

PM Rider

4. Pipeline Modernization Rider Rates

The charges for the respective gas service schedules for the revenue month beginning October 1, 2026 per billing period are: (T)

	Monthly Customer Charge		Distribution Charge per Mcf	
Rate G-1 (Residential)	$0.00	1-300	$0.0097 per 1000 cubic feet	(I)
		301-15,000	$0.0097 per 1000 cubic feet	(I)
		Over 15,000	$0.0097 per 1000 cubic feet	(I)
Rate G-1 (Non-Residential)	$0.00	1-300	$0.0064 per 1000 cubic feet	(I)
		301-15,000	$0.0044 per 1000 cubic feet	(I)
		Over 15,000	$0.0044 per 1000 cubic feet	(I)
Rate G-2	$0.00	1-15,000	$0.0017 per 1000 cubic feet	(I)
		Over 15,000	$0.0014 per 1000 cubic feet	(I)
Rate T-3	$0.00	1-15,000	$0.0018 per 1000 cubic feet	(I)
		Over 15,000	$0.0015 per 1000 cubic feet	(I)
Rate T-4	$0.00	1-300	$0.0032 per 1000 cubic feet	(I)
		301-15,000	$0.0022 per 1000 cubic feet	(I)
		Over 15,000	$0.0018 per 1000 cubic feet	(I)

DATE OF ISSUE July 31, 2026
Month/Date/Year

DATE EFFECTIVE October 1, 2026
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2026-00201 dated XXXXX

ISSUED BY /s/ Mark A. Martin
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Pipeline Modernization Rider
PM Rider

4. Pipeline Modernization Rider Rates

The charges for the respective gas service schedules for the revenue month beginning October 1, ~~2025~~ 2026 per billing period are: (N)

	Monthly Customer Charge		Distribution Charge per Mcf			
Rate G-1 (Residential)	$0.00	1-300	$0.0097	~~$0.0000~~	per 1000 cubic feet	(I)
		301-15,000	$0.0097	~~$0.0000~~	per 1000 cubic feet	(I)
		Over 15,000	$0.0097	~~$0.0000~~	per 1000 cubic feet	(I)
Rate G-1 (Non-Residential)	$0.00	1-300	$0.0064	~~$0.0000~~	per 1000 cubic feet	(I)
		301-15,000	$0.0044	~~$0.0000~~	per 1000 cubic feet	(I)
		Over 15,000	$0.0044	~~$0.0000~~	per 1000 cubic feet	(I)
Rate G-2	$0.00	1-15,000	$0.0017	~~$0.0000~~	per 1000 cubic feet	(I)
		Over 15,000	$0.0014	~~$0.0000~~	per 1000 cubic feet	(I)
Rate T-3	$0.00	1-15,000	$0.0018	~~$0.0000~~	per 1000 cubic feet	(I)
		Over 15,000	$0.0015	~~$0.0000~~	per 1000 cubic feet	(I)
Rate T-4	$0.00	1-300	$0.0032	~~$0.0000~~	per 1000 cubic feet	(I)
		301-15,000	$0.0022	~~$0.0000~~	per 1000 cubic feet	(I)
		Over 15,000	$0.0018	~~$0.0000~~	per 1000 cubic feet	(I)

DATE OF ISSUE ~~August 26, 2025~~ July 31, 2026
Month/Date/Year

DATE EFFECTIVE ~~August 11, 2025~~ October 1, 2026
Month/Date/Year

~~Issued by Authority of an Order of the Public Service Commission in Case No. 2024-00276 dated August 11, 2025~~

ISSUED BY /s/ Brannon C. Taylor
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

Atmos Energy Corporation
Pipeline Modernization Filing
Table of Contents

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
SURCHARGE SUMMARY

Line Number	Tariff Schedule		Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)		$ -	0.0097
2	NON-RESIDENTIAL (Rate G-1)		$ -	
3		Sales: 1-300		0.0064
4		Sales: 301-15000		0.0044
5		Sales: Over 15000		0.0044
6	INTERRUPTIBLE (Rate G-2)		$ -	
7		Sales: 1-15,000		0.0017
8		Sales: Over 15,000		0.0014
9	TRANSPORTATION (T-3)		$ -	
10		Interrupt Transport: 1-15,000		0.0018
11		Interrupt Transport: Over 15,000		0.0015
12	TRANSPORTATION (T-4)		$ -	
13		Firm Transport: 1-300		0.0032
14		Firm Transport: 301-15,000		0.0022
15		Firm Transport: Over 15,000		0.0018

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
DEFICIENCY

Line Number	Description		Total
1	Project Additions	$	1,417,276
2	Project Retirements	$	(252,843)
3	**Net Change to Gross Plant**	$	1,164,433
4			
5	Cost of Removal to Accumulated Depr.	$	123,241
6	Retirements from Accumulated Depr.		252,843
7	Depreciation Accrual to Accumulated Depr.		(5,255)
8	**Net Change to Accumulated Depreciation**		370,830
9			
10	**Net Change to Net Plant**	$	1,535,263
11			
12	Accumulated Deferred Income Taxes		(39,262)
13	**Net Change to Rate Base**	$	1,496,001
14			
15	Rate of Return		7.10%
16	**Required Operating Income**	$	106,196
17			
18	Depreciation & Amortization Expense		20,065
19	O&M Savings		(114)
20	Ad Valorem Tax Increase		15,337
21	Income Taxes on Cost of Service Items		(8,804)
22	Income Taxes on Adjusted Interest Expense		(7,226)
23	**Operating Income at Present Rates**	$	19,258
24			
25	Deficiency	$	125,454
26	Tax Factor		74.18%
27	**Total Rate Adjustment**	$	169,121
28			
29	Project Cost True-up	$	-
30	Revenue Recovery True-up		-
31	**Total True-up**	$	-
32			
33	**Total Rate Adjustment**	$	169,121
34			

Exhibit B-1

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
NET RATE BASE FOR FISCAL YEAR 2027

Line No.	Description	Cumulative balance as of Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	13-Month Average
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Net Investment														
1	Plant in Service	$ -	$ -	$ -	$ -	$ 128,423	$ 1,075,033	$ 1,477,277	$ 1,887,009	$ 2,310,801	$ 2,615,232	$ 2,793,049	$ 2,966,031	$ 3,171,739	$ 1,417,276
2	Retirements	$ -	$ -	$ -	$ -	$ (22,911)	$ (191,787)	$ (263,547)	$ (336,644)	$ (412,249)	$ (466,559)	$ (498,282)	$ (529,142)	$ (565,841)	$ (252,843)
3	Investments Activity (Additions net of Retirements)	$ -	$ -	$ -	$ -	$ 105,512	$ 883,246	$ 1,213,729	$ 1,550,365	$ 1,898,552	$ 2,148,672	$ 2,294,767	$ 2,436,889	$ 2,605,898	$ 1,164,433
4															
5															
6	**Accumulated Depreciation**														
7															
8	Depreciation Expense	$ -	$ -	$ -	$ -	$ (90)	$ (929)	$ (2,131)	$ (3,766)	$ (5,936)	$ (8,589)	$ (11,616)	$ (15,190)	$ (20,065)	$ (5,255)
9	Retirement	$ -	$ -	$ -	$ -	$ 22,911	$ 191,787	$ 263,547	$ 336,644	$ 412,249	$ 466,559	$ 498,282	$ 529,142	$ 565,841	$ 252,843
10	Cost of Removal	$ -	$ -	$ -	$ -	$ 11,167	$ 93,481	$ 128,459	$ 164,088	$ 200,939	$ 227,411	$ 242,874	$ 257,916	$ 275,803	$ 123,241
11	Accumulated Depreciation	$ -	$ -	$ -	$ -	$ 33,988	$ 284,339	$ 389,875	$ 496,966	$ 607,251	$ 685,382	$ 729,541	$ 771,868	$ 821,579	$ 370,830
12															
13															
14	**Accumulated Deferred Income Taxes**														
15															
16	ADIT	$ -	$ -	$ -	$ -	$ (3,100)	$ (26,154)	$ (36,954)	$ (48,441)	$ (60,892)	$ (71,133)	$ (78,868)	$ (87,140)	$ (97,718)	$ (39,262)
17	NOLC Variable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
18	**Net ADIT**	$ -	$ -	$ -	$ -	$ (3,100)	$ (26,154)	$ (36,954)	$ (48,441)	$ (60,892)	$ (71,133)	$ (78,868)	$ (87,140)	$ (97,718)	$ (39,262)
19															
20	**Proration Impact on NOLC**														$ -
21															
22	**Net Rate Base (Lines 3 + 11 + 18)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 136,400**	**$ 1,141,431**	**$ 1,566,650**	**$ 1,998,889**	**$ 2,444,911**	**$ 2,762,922**	**$ 2,945,440**	**$ 3,121,618**	**$ 3,329,758**	**$ 1,496,001**

Exhibit B-2

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2024 THROUGH SEPTEMBER 2025
RECOVERY SCHEDULE

Line No.	Surcharge Report	Actual Recovery Year		Approved Recovery Amt	Actual Recovery Amt	Over / (Under) Recovered	Carrying Charges	Total Over / (Under)	Weighted Average Cost of Capital
1	2025	Oct-24	Sep-25	-	-	-	-	-	0.00%
2				$ -	$ -	$ -	$ -	$ -	

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORCASTED ACTIVITY
AS OF OCTOBER 2024 THROUGH SEPTEMBER 2025
DEFICIENCY

Line Number	Description	Actual	As Approved*
1	Project Additions		
2	Project Retirements		
3	**Net Change to Gross Plant**		
4			
5	Cost of Removal to Accumulated Depr.		
6	Retirements from Accumulated Depr.		
7	Depreciation Accrual to Accumulated Depr.		
8	**Net Change to Accumulated Depreciation**		
9			
10	**Net Change to Net Plant**		
11			
12	Accumulated Deferred Income Taxes		
13	**Net Change to Rate Base**		
14			
15	Rate of Return		
16	**Required Operating Income**		
17			
18	Depreciation & Amortization Expense		
19	O&M Savings		
20	Ad Valorem Tax Increase		
21	Income Taxes on Cost of Service Items		
22	Income Taxes on Adjusted Interest Expense		
23	**Operating Income at Present Rates**		
24			
25	Deficiency		
26	Tax Factor		
27	**Total Proposed Rate Adjustment**		
28			
29	2025 approved deficiency		
30			
31	Total 2025 Deficiency		
32			
33			

Exhibit C

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
ADDITIONS

Line Number	Description	Mains	Total
1			
2	Current Year: 2027	3,171,739	3,171,739
3			
4	Total Additions	$ 3,171,739	$ 3,171,739

Exhibit C-1

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
MONTHLY DEPRECIATION EXPENSE FOR FISCAL YEAR 2027

Line No.	Description		annual rate	Prior Yr	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Annual Totals	13-Month Average
	FERC 37602: Mains																	
1	Monthly Investment Additions				$ -	$ -	$ -	$ 128,423	$ 946,611	$ 402,243	$ 409,732	$ 423,792	$ 304,431	$ 177,818	$ 172,982	$ 205,707	$ 3,171,739	
2	Cumulative Investment			-	-	-	-	128,423	1,075,033	1,477,277	1,887,009	2,310,801	2,615,232	2,793,049	2,966,031	3,171,739		1,417,276
3	Monthly Retirements		17.84%		-	-	-	22,911	168,876	71,761	73,097	75,605	54,311	31,723	30,860	36,698	565,841	
4	Cumulative Retirements			-	-	-	-	22,911	191,787	263,547	336,644	412,249	466,559	498,282	529,142	565,841		252,843
5	Depreciable Base			-	-	-	-	105,512	777,734	330,483	336,635	348,187	250,120	146,095	142,122	169,009	**2,605,898**	
6	Monthly Depreciation Expense, book basis			-	-	-	-	90	839	1,202	1,634	2,171	2,652	3,027	3,574	4,876	**20,065**	
7	Cumulative Depreciation			-	-	-	-	90	929	2,131	3,766	5,936	8,589	11,616	15,190	20,065		5,255
8		Net	Depr.															
9	Month	Investment	Rate															
10	prior period	-	1.54%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Oct-26	-	1.54%		-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Nov-26	-	1.54%			-	-	-	-	-	-	-	-	-	-	-	-	
13	Dec-26	-	1.54%				-	-	-	-	-	-	-	-	-	-	-	
14	Jan-27	105,512	1.54%					90	90	90	90	90	90	90	90	90	812	
15	Feb-27	777,734	1.54%						749	749	749	749	749	749	749	749	5,989	
16	Mar-27	330,483	1.54%							364	364	364	364	364	364	364	2,545	
17	Apr-27	336,635	1.54%								432	432	432	432	432	432	2,592	
18	May-27	348,187	1.54%									536	536	536	536	536	2,681	
19	Jun-27	250,120	1.54%										481	481	481	481	1,926	
20	Jul-27	146,095	1.54%											375	375	375	1,125	
21	Aug-27	142,122	1.54%												547	547	1,094	
22	Sep-27	169,009	1.54%													1,301	1,301	
23	**Total: FERC 376 Depr Exp**	**2,605,898**		**$ -**	**$ -**	**$ -**	**$ -**	**$ 90**	**$ 839**	**$ 1,202**	**$ 1,634**	**$ 2,171**	**$ 2,652**	**$ 3,027**	**$ 3,574**	**$ 4,876**	**$ 20,065**	
24																		
25																		
26																		
27	**Total Depreciation Expense, Monthly (Lines 22+44+66)**			**$ -**	**$ -**	**$ -**	**$ -**	**$ 90**	**$ 839**	**$ 1,202**	**$ 1,634**	**$ 2,171**	**$ 2,652**	**$ 3,027**	**$ 3,574**	**$ 4,876**	**$ 20,065**	

Note: This Depreciation methodology is consistent with how the Company accounts for Depreciation expense on its books.

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
MONTHLY COST OF REMOVAL FOR FISCAL YEAR 2027

Line No.	Description	Prior Yr Balance	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Annual Totals	13-Month Average
1	**FERC 37602: Mains**															
2	**Cost of Removal**		**$ -**	**$ -**	**$ -**	**$ 11,167**	**$ 82,314**	**$ 34,978**	**$ 35,629**	**$ 36,851**	**$ 26,472**	**$ 15,462**	**$ 15,042**	**$ 17,888**	**$ 275,803**	
3	Accumulated	-	-	-	-	11,167	93,481	128,459	164,088	200,939	227,411	242,874	257,916	275,803		**$ 123,241**

Exhibit D

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
RETIREMENTS

Line Number	Description	Mains	Total
1			
2	Current Year: 2027	565,841	565,841
3			
4	Total Retirements	$ 565,841	$ 565,841

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
Cost of Removal

Line Number	Description	Mains	Total
1			
2	Current Year: 2027	275,803	275,803
3			
4	Total Retirements	$ 275,803	$ 275,803

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
KENTUCKY PRP ADIT CALCULATION

Line No					Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Fiscal 2027 Total
1	Book Cost		Book Cost		-	-	-	105,512	777,734	330,483	336,635	348,187	250,120	146,095	142,122	169,009	2,605,898
2	Tax Cost		Tax Cost		-	-	-	93,517	689,322	292,914	298,367	308,605	221,687	129,487	125,965	149,796	2,309,660
3	FXA01		FXA01		$ -	$ -	$ -	$ (11,995)	$ (88,413)	$ (37,569)	$ (38,269)	$ (39,582)	$ (28,434)	$ (16,608)	$ (16,156)	$ (19,213)	$ (296,238)
4																	
5																	
6			Prior Yr Bal		-	-	-	-	-	-	-	-	-	-	-	-	-
7			Current Yr		-	-	-	(11,995)	(88,413)	(37,569)	(38,269)	(39,582)	(28,434)	(16,608)	(16,156)	(19,213)	(296,238)
8	FXA01 Cumulative		FXA01 Cumulative		-	-	-	(11,995)	(100,407)	(137,976)	(176,245)	(215,827)	(244,260)	(260,868)	(277,025)	(296,238)	(296,238)
9	Deferred Rate		Deferred Rate		24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%
10	FXA01 Tax Effected		FXA01 Tax Effected		$ -	$ -	$ -	$ (2,993)	$ (25,052)	$ (34,425)	$ (43,973)	$ (53,849)	$ (60,943)	$ (65,087)	$ (69,118)	$ (73,911)	$ (73,911)
11			**FXA01 Prorated**		**$ -**	**$ -**	**$ -**	**$ (2,111)**	**$ (15,981)**	**$ (21,079)**	**$ (25,487)**	**$ (29,207)**	**$ (31,296)**	**$ (32,165)**	**$ (32,667)**	**$ (32,871)**	**$ (32,871)**
12																	
13																	
14																	
15	Book Depreciation		Book Depreciation		-	-	-	90	839	1,202	1,634	2,171	2,652	3,027	3,574	4,876	20,065
16	Tax Depreciation		Tax Depreciation		-	-	-	520	4,828	6,920	9,406	12,492	15,264	17,422	20,571	28,061	115,483
17	FXA02		FXA02		$ -	$ -	$ -	$ (429)	$ (3,989)	$ (5,718)	$ (7,772)	$ (10,322)	$ (12,611)	$ (14,395)	$ (16,997)	$ (23,185)	$ (95,418)
18																	
19																	
20																	
21	Prior Yr Bal		Prior Yr Bal		-	-	-	-	-	-	-	-	-	-	-	-	-
22	Current Year		Current Yr		-	-	-	(429)	(3,989)	(5,718)	(7,772)	(10,322)	(12,611)	(14,395)	(16,997)	(23,185)	(95,418)
23	FXA02 Cumulative		FXA02 Cumulative		-	-	-	(429)	(4,418)	(10,136)	(17,908)	(28,230)	(40,841)	(55,236)	(72,233)	(95,418)	(95,418)
24	Deferred Rate		Deferred Rate		24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%	24.95%
25	FXA02 Tax Effected		FXA02 Tax Effected		$ -	$ -	$ -	$ (107)	$ (1,102)	$ (2,529)	$ (4,468)	$ (7,043)	$ (10,190)	$ (13,781)	$ (18,022)	$ (23,807)	$ (23,807)
26			**FXA02 Prorated**		**$ -**	**$ -**	**$ -**	**$ (76)**	**$ (701)**	**$ (1,477)**	**$ (2,372)**	**$ (3,342)**	**$ (4,269)**	**$ (5,022)**	**$ (5,551)**	**$ (5,796)**	**$ (5,796)**
27		**Beg Balance**	**Beg Balance**														**13 Mo Average**
28	Cumulative Deferred Inc. Taxes (exclu	**$ -**		**$ -**	**$ -**	**$ -**	**$ -**	**$ (3,100)**	**$ (26,154)**	**$ (36,954)**	**$ (48,441)**	**$ (60,892)**	**$ (71,133)**	**$ (78,868)**	**$ (87,140)**	**$ (97,718)**	**$ (39,262)**
29																	
30	NOLC	**$ -**		**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
31																	
32			**Proration Impact on NOLC**														$ -
33	**Net ADIT**																**$ (39,262)**
34																	
35			**ADIT Proration:**														
36			days in month		31	30	31	31	28	31	30	31	30	31	31	30	365
37			mid month conventior		15.5	30	31	31	28	31	30	31	30	31	31	30	
38			days remaining		350	320	289	258	230	199	169	138	108	77	46	16	
39			pro ration factor		**95.75%**	**87.53%**	**79.04%**	**70.55%**	**62.88%**	**54.38%**	**46.16%**	**37.67%**	**29.45%**	**20.96%**	**12.47%**	**4.25%**	

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
DEFERRED INCOME TAXES

Line Number	Description		Mains		Total
1					
2					
3	Additions to Gross Plant - Book 2027	$	3,171,739	$	3,171,739
4	Less: Retirements to Book 2027		(565,841)		(565,841)
5	**Book Basis**	**$**	**2,605,898**	**$**	**2,605,898**
6	Repairs Percentage		27.18%		
7	Less: Repairs	$	(862,079)	$	(862,079)
8	Add: Deferred Retirements	$	565,841		565,841
9	Tax Basis Before Bonus	$	2,309,660	$	2,309,660
10	Bonus Depreciation %		0.00%		
11	Bonus Depreciation	$	-	$	-
12	**Tax Basis**	**$**	**2,309,660**	**$**	**2,309,660**
13					
14	FXA01 - Gross	$	(296,238)	$	(296,238)
15	Deferred Rate		24.95%		
16	**FXA01 - Tax Effected**	**$**	**(73,911)**	**$**	**(73,911)**
17	**FXA01 - Tax Effected Prorated**			**$**	**(32,871)**
18					
19					
20	Book Depreciation 2027	$	20,065	$	20,065
21	Book Depreciation	$	20,065	$	20,065
22			-		-
23	Tax Depreciation 2027	$	115,483	$	115,483
24	Tax Depreciation	$	115,483	$	115,483
25			-		-
26	FXA02 - Gross	$	(95,418)	$	(95,418)
27	Deferred Rate		24.95%		
28	**FXA02 - Tax Effected**	**$**	**(23,807)**	**$**	**(23,807)**
29	**FXA02 - Tax Effected Prorated**			**$**	**(5,796)**
30					
31	**Calculation of Book Depreciation**				
32					
33	Book Basis - 2027	$	2,605,898	$	2,605,898
34	Book Depreciation Rates - Year 1		0.77%		
35	Book Depreciation 2027	**$**	**20,065**	**$**	**20,065**
36					
37	**Calculation of Tax Depreciation**				
38					
39					
40	Tax Basis - 2027	$	2,309,660	$	2,309,660
41	Tax Depreciation Rates - Year 1		5.00%		
42	Tax Depreciation 2027	**$**	**115,483**	**$**	**115,483**
43					
44	**<u>Tax Rates</u>**				
45	Ad Valorem Tax Rate		1.317%		
46	Income Tax Rate		24.950%		
47	State Tax Rate		5.00%		
48	Federal Tax Rate		21.00%		
49	Uncollectible accounts expense		1.00%		
50	PSC Assessment		0.1595%		
51	Gross Up Factor		1.3481		

Note: Ad Valorem Tax Rate calculated from last approved Kentucky Rate Case No. 2024-00276

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
RATE OF RETURN

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	0.19%	17.14%	0.03%
2	LT Debt	46.31%	4.11%	1.90%
3	Equity	53.50%	9.65%	5.16%
4		100.0%		7.10%

Note: Rate of Return components are from latest approved Kentucky Rate Case No. 2024-00276

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
O&M SAVINGS

Line Number	Description	Annual Savings	Cumulative Savings
1			
2	Current Year: 2027	$ 114	$ 114

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
RATE DESIGN

	Case 2024-00276										
Line Number	**Class of Customers**	**Rate**	**Total**	**Total Dollars**	**Ratio**	**Volumetric Charge Ratio**	**Revenue increase by Class**	**Budgeted Volumes**	**Budgeted Customer Counts**	**Customer Charge**	**Volumetric Charge**
1	RESIDENTIAL (Rate G-1)				54.90%		$ 92,847		1,934,219		
2	FIRM BILLS	$25.00	1,925,523	$48,138,075						$ -	
3	Sales: 1-300	2.2951	9,938,593	$22,810,064		100.00%		9,621,261			0.0097
4	Sales: 301-15000	1.5953	0	$0		0.00%		0			
5	Sales: Over 15000	1.3175	0	$0		0.00%		0			
6	CLASS TOTAL (Mcf/month)		9,938,593	70,948,139				9,621,261			
7											
8	NON-RESIDENTIAL (Rate G-1)				26.03%		$ 44,015		246,216		
9	FIRM BILLS	75.00	241,323	$18,099,225						$ -	
10	Sales: 1-300	2.2951	5,916,749	$13,579,531		87.42%		5,956,361			0.0064
11	Sales: 301-15000	1.5953	1,225,452	$1,954,963		12.58%		1,233,656			0.0044
12	Sales: Over 15000	1.3175	0	$0		0.00%		0			0.0044
13	CLASS TOTAL (Mcf/month)		7,142,201	33,633,719				7,190,017			
14											
15	INTERRUPTIBLE (G-2)				0.24%		$ 399		91		
16	INT BILLS	685.00	105	$71,925						$ -	
17	Sales: 1-15000	1.2956	28,780	$37,288		16.02%		36,883			0.0017
18	Sales: Over 15000	1.0624	183,935	$195,413		83.98%		235,721			0.0014
19	CLASS TOTAL (Mcf/month)		212,716	304,626				272,604			
20											
21	TRANSPORTATION (T-3)				8.47%		14,330		840		
22	TRANSPORTATION BILLS	685.00	852	$583,620						$ -	
23	Interrupt Transport: 1-15000	1.2956	5,207,416	$6,746,728		65.08%		5,167,570			0.0018
24	Interrupt Transport: Over 15000	1.0624	3,407,070	$3,619,671		34.92%		3,381,000			0.0015
25	CLASS TOTAL (Mcf/month)		8,614,486	10,950,019				8,548,570			
26											
27	TRANSPORTATION (T-4)				10.37%		17,531		1,404		
28	TRANSPORTATION BILLS	685.00	1,415	$969,380						$ -	
29	Firm Transport: 1-300	2.2951	406,485	$932,925		7.51%		413,467			0.0032
30	Firm Transport: 301-15000	1.5953	5,786,780	$9,231,650		74.29%		5,886,175			0.0022
31	Firm Transport: Over 15000	1.3175	1,716,805	$2,261,891		18.20%		1,746,294			0.0018
32	CLASS TOTAL (Mcf/month)		7,910,070	13,395,845				8,045,936			
33											
34	Total Revenue			129,232,349	100.00%		$ 169,121	33,678,388	2,182,770		
35											
36											
37									**KY Revenue Requirement**	**$**	**169,121**

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2026 THROUGH SEPTEMBER 2027
CUSTOMERS & VOLUMES

Line Number	Tariff	Description		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
			Customers													
1	G-1	Residential	**Fiscal 2027 Bud**	159,296	160,526	161,797	162,776	162,639	163,102	162,544	162,210	161,022	160,094	159,361	158,853	1,934,219
2	G-1	Commercial Firm	**Fiscal 2027 Bud**	18,251	18,617	18,986	19,268	19,243	19,304	19,335	19,052	18,722	18,481	18,322	18,283	225,864
3	G-1	Public Authority	**Fiscal 2027 Bud**	1,469	1,467	1,465	1,479	1,470	1,471	1,472	1,466	1,458	1,462	1,446	1,453	17,580
4	G-1	Industrial Firm	**Fiscal 2027 Bud**	231	231	231	231	231	231	231	231	231	231	231	231	2,772
5																
6	G-2	Commercial Interruptible	**Fiscal 2027 Bud**	2	3	3	3	3	3	4	2	2	2	2	2	31
7	G-2	Industrial Interruptible	**Fiscal 2027 Bud**	5	5	5	5	5	5	5	5	5	5	5	5	60
8	G-2	Public Authority Interruptible	**Fiscal 2027 Bud**	-	-	-	-	-	-	-	-	-	-	-	-	-
9																
10	T-3	Transportation Interruptible	**Fiscal 2027 Bud**	70	70	70	70	70	70	70	70	70	70	70	70	840
11	T-4	Transportation Firm	**Fiscal 2027 Bud**	117	117	117	117	117	117	117	117	117	117	117	117	1,404
12				179,441	181,036	182,674	183,948	183,778	184,302	183,778	183,153	181,627	180,462	179,555	179,015	2,182,770
13																
14			**Volumes**													
15																
16	G-1	Residential	**Fiscal 2027 Bud**	169,799	607,989	1,415,834	2,000,812	1,999,830	1,550,418	908,217	325,444	194,917	149,264	143,110	155,628	9,621,261
17	G-1	Commercial Firm	**Fiscal 2027 Bud**	190,038	391,995	741,171	1,048,716	1,094,265	788,869	486,274	224,126	173,647	147,666	148,325	197,882	5,632,972
18	G-1	Public Authority	**Fiscal 2027 Bud**	28,701	61,699	112,935	159,758	165,873	128,755	78,222	45,509	27,683	22,526	21,575	26,411	879,648
19	G-1	Industrial Firm	**Fiscal 2027 Bud**	14,372	41,708	98,438	127,119	142,747	97,200	49,776	24,616	30,429	14,465	18,109	18,418	677,397
20																
21	G-2	Commercial Interruptible	**Fiscal 2027 Bud**	37	598	1,243	2,081	1,970	1,592	990	20	21	9	0	1	8,562
22	G-2	Industrial Interruptible	**Fiscal 2027 Bud**	18,009	17,809	14,522	40,890	36,300	25,083	21,586	16,904	18,678	22,324	15,435	16,502	264,042
23	G-2	Public Authority Interruptible	**Fiscal 2027 Bud**	-	-	-	-	-	-	-	-	-	-	-	-	-
24																
25	T-3	Transportation Interruptible	**Fiscal 2027 Bud**	650,476	725,232	751,922	770,475	836,328	759,031	753,967	708,275	724,798	676,365	610,997	580,704	8,548,570
26	T-4	Transportation Firm	**Fiscal 2027 Bud**	576,561	636,153	697,923	809,274	953,206	797,074	723,293	614,690	596,098	567,134	519,640	554,890	8,045,936
27				1,647,992	2,483,183	3,833,988	4,959,125	5,230,518	4,148,022	3,022,325	1,959,584	1,766,271	1,599,754	1,477,192	1,550,436	33,678,388

ATMOS ENERGY CORPORATION
KENTUCKY PIPELINE MODERNIZATION RIDER
SURCHARGE CALCULATION OF FORCASTED ACTIVITY

2027 PROJECT DETAILS

Projects	Project Description	Installation Main	Cost of Removal Main	Retirements Main
2609.Hawesville Domtar Line 192.624	Install 5600' of 8" HPD Steel main that feeds Domtar in Hawesville, Hancock County, KY. 5600' of 6" SP Steel main to be abandoned in place.	2,310,801	$200,939	
	Contractor			
	Material			
	Overhead			
2609.Bon Harbor Trunkline 192.624	Install 700' of 8" SP steel main and 1600' of 4" SP steel main at Bon Harbor Storage Field in Daviess County. 200' of 8" SP Steel main, 500' of 6" SP main, and 1600' of 4" SP Steel main to be abandoned in place.	860,938	$74,864	
	Contractor			
	Material			
	Overhead			
	Total specific budgeted projects & bare steel functional	**3,171,739**	**275,803**	
	Non specfic bare steel functional	-	-	
	Total budgeted 2026 projects	**3,171,739**	**275,803**	**$565,841**
		0	0	