

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 Certificates of  
Public Convenience and Necessity for Projects to be Included in the  
Pipeline Modernization Rider*  
**Case No. 2026-00202**

Dear Ms. Bridwell:

Enclosed, please find for filing, Atmos Energy Corporation's Application and Motion for Confidential Treatment 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

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

In the Matter of:

|                                     |   |            |
|-------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF ATMOS     | ) |            |
| ENERGY CORPORATION FOR CERTIFICATES | ) | CASE NO.   |
| OF PUBLIC CONVENIENCE AND NECESSITY | ) | 2026-00202 |
| FOR PROJECTS TO BE INCLUDED IN THE  | ) |            |
| PIPELINE MODERNIZATION RIDER        | ) |            |

**VERIFIED APPLICATION**

Comes now Atmos Energy Corporation (“Atmos Energy” or “the Company”), by counsel, pursuant to KRS 278.020, KAR 5:001 Section 15, and other applicable law and hereby submits its Application with the Kentucky Public Service Commission (“Commission”) requesting a Certificate of Public Convenience and Necessity (“CPCN”) to construct a natural gas distribution project in Daviess and Hancock Counties, Kentucky and authority to include the projects in the Pipeline Modernization Rider (“PM Rider”). In support of the Application, Atmos Energy respectfully 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."<sup>1</sup> The Mega Rule revises the pipeline safety regulations that PHMSA issued under Title 49 of the Code of Federal Regulations, Part 192. The Commission granted Atmos Energy's request to establish the PM Rider, but indicated projects listed on Exhibit TRA-5 would require CPCN's before recovery through the PM Rider would be approved.<sup>2</sup>

4. At this time, Atmos Energy is beginning projects necessitated by the Mega Rule for Gas Transmission Pipelines specified in the Code of Federal Regulations (CFR) §192.624. In this section, operators of onshore steel transmission pipeline segments must 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.

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<sup>1</sup> 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).

<sup>2</sup> Case No. 2024-00276, August 11, 2025 Order at 65 (Ky. PSC August 11, 2025 Order).

5. Atmos Energy is now requesting CPCNs for two projects: the Hawesville Dometar Line in Hancock County and the Bon Harbor Field Lines in Daviess County. The Hawesville Dometar Line project will replace 5,600 feet of transmission pipeline at an approximate cost of \$2,511,740. The Bon Harbor Field Lines project will replace 2,300 feet of transmission pipeline at an approximate cost of \$935,802. As required in Case no. 2024-00276, both of these projects were included in Exhibit TRA-5.

## **II. FILING REQUIREMENTS**

6. 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, 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.

7. 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

8. 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.<sup>3</sup> 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**.

9. Pursuant to 807 KAR 5:001, Section 15(2)(a), Atmos Energy is including the facts relied upon to show that the proposed construction is required by public convenience or necessity in this Application and through the Direct Testimony of Ryan Chastain, included with this Application.

10. In accordance with Section 15(2)(b), please see **Exhibit 2** for a list of the applicable franchises and permits that will be necessary for the projects.

11. In accordance with Section 15(2)(c), which requires the Company to provide a full description of the proposed location, route, or routes of the proposed construction or extension, including a description of the manner in which the facilities will be constructed, Atmos Energy states that the location and route is provided in Confidential **Exhibit 3** to this Application and the Direct Testimony of Ryan Chastain. The description of the manner in which the facilities will be constructed is found in the public version of Exhibit 3. The Projects will not compete with any public utilities, corporations, or persons.

12. In accordance with Section 15(2)(d)(1)-(2), requiring maps showing the location or route of the proposed construction or extension and plans and specifications and drawings of the proposed plant, equipment, and facilities, Atmos Energy states that Confidential **Exhibit 3** contains, among other things, maps, and engineering drawings, respectively, showing the route, location, and nature of the proposed construction.

13. Pursuant to 807 KAR 5:001, Section 15(2)(e), Atmos Energy plans to initially

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<sup>3</sup> Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (filed June 30, 2021).

finance the proposed construction through general funds. If the requests for a CPCN for these projects are granted, these projects will eventually be included for recovery through the PM Rider.

14. In accordance with Section 15(2)(f), the total estimated cost of construction is approximately \$3,447,542. The annual ongoing cost of operations of the projects once completed is estimated to be \$22,500.

15. The plans, drawings, and specifications of the project provided in Confidential **Exhibit 3** have been prepared by an engineer registered in Kentucky pursuant to KRS 322.340, the certification can be found in the public version of Exhibit 3.

### **III. REQUEST FOR A CPCN**

16. KRS 278.020 states no utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from Commission.<sup>4</sup> To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.<sup>5</sup> "Need" requires:

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated. [T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.<sup>6</sup>

"Wasteful duplication" is defined as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical

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<sup>4</sup> KRS 278.020(1)(a).

<sup>5</sup> *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 252 S.W.2d 885 (Ky. 1952).

<sup>6</sup> *Id.*, at 890.

properties.”<sup>7</sup> To demonstrate that a proposed facility does not result in wasteful duplication, Atmos Energy must demonstrate that a thorough review of all reasonable alternatives has been performed. Although cost is a factor, selection of a proposal that costs more than an alternative does not necessarily result in wasteful duplication.<sup>8</sup> All relevant factors must be balanced.<sup>9</sup>

16. In 2016, the United States Department of Transportation (“DOT”) Pipeline and Hazardous Material Administration (“PHMSA”) issued new rules 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.” Mega Rule Part 1 requires operators of gas transmission pipelines to reconfirm the maximum allowable operating pressure (“MAOP”) of all pipeline segments that do not include TVC pressure test records in specific operating areas. Atmos Energy has identified the Hawesville Domtar line and the Bon Harbor Fields project as areas that must be replaced to comply with the Mega Rule. Please see the Direct Testimony of Ryan Chastain for additional information regarding the need for these projects.

17. Based upon the requirements of Mega Rule compliance, Atmos Energy believes replacement of these lines will not result in wasteful duplication because replacement is the most reasonable solution. Please see the Direct Testimony of Ryan Chastain for additional information

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<sup>7</sup> *Id.*

<sup>8</sup> See *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 390 S.W.2d 168, 175 (Ky. 1965). See also, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky*, Case No. 2005-00089 (Ky. PSC Aug. 19, 2005), Final Order.

<sup>9</sup> *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky*, Case No. 2005-00142 (Ky. PSC Sept. 8, 2005).

regarding the reasons why replacement is the preferred solution to comply with PHMSA requirements and why replacement is the most reasonable alternative.

18. In Case No. 2024-00276, the Commission indicated Atmos Energy may included projects listed in Exhibit TRA-5 for recovery in the PM Rider if granted a CPCN.<sup>10</sup> In conjunction with this filing, Atmos Energy is filing an Application to establish PM Rider rates as of October 1, 2026.<sup>11</sup> Atmos Energy is requesting the Commission allow recovery of the projects in this Application through the PM Rider.

**WHEREFORE,** Atmos Energy respectfully requests the Commission:

- (1) Grant a CPCN for the Hawesville Domtar Line project;
- (2) Grant a CPCN for the Bon Harbor Field Lines project;
- (3) Allow recovery of costs for both projects through Atmos Energy's PM Rider; and
- (4) Any other relief to which Atmos Energy may be entitled.

This the 31<sup>st</sup> of day July 2026.

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<sup>10</sup> Case No. 2024-00276, August 11, 2025 Order at 65 (Ky. PSC August 11, 2025 Order).

<sup>11</sup> *Electronic Application of Atmos Energy Corporation for an Adjustment to Rider PM Rates Beginning October 1, 2026*, Case No. 2026-00201 (filed July 31, 2026).

Respectfully submitted,

*Heather S. Temple*

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Heather S. Temple  
Meredith L. Cave  
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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 July 31, 2026 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.

*Heather S. Temple*

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*Counsel for Atmos Energy Corporation*

BEFORE THE PUBLIC SERVICE COMMISSION

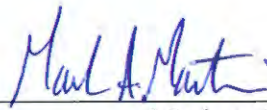
COMMONWEALTH OF KENTUCKY

APPLICATION OF ATMOS ENERGY )  
CORPORATION FOR CERTIFICATES OF )  
PUBLIC CONVENIENCE AND NECESSITY )  
FOR PROJECTS TO BE INCLUDED IN THE )  
PIPELINE MODERNIZATION RIDER )

CASE NO. 2026-00202

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

STATE OF KENTUCKY  
COUNTY OF DAVIESS

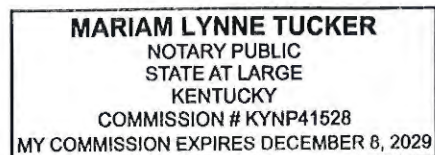
SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 21 day of July, 2026.



Notary Public

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/ftsshow/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 19<sup>th</sup> day of September, 2024, in the 233<sup>rd</sup> year of the Commonwealth.



*Michael G. Adams*

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

## **Exhibit 2**

## **EXHIBIT 2**

**807 KAR 5:001, Section 15(2)(b):** Copies of franchises or permits, if any, from the proper public authority for the proposed construction or extension, if not previously filed with the commission.

Atmos Energy has not filed for any permits for the projects to date. Atmos Energy expects for apply for the following permits for the projects.

### Hawesville Domtar Line Project:

- Erosion Prevention and Sediment Control through the Kentucky Energy and Environment Cabinet (EEC), Division of Water
- Stormwater Pollution Prevention Plan through the EEC, Division of Water
- CSX Corporation (“CSX”) Railroad Permit

### Bon Harbor Fields Project:

- Erosion Prevention and Sediment Control through EEC, Division of Water
- Stormwater Pollution Prevention Plan through the EEC, Division of Water

## **Exhibit 3**

### **EXHIBIT 3**

**807 KAR 5:001, Section 15(2)(c)** – a full description of the proposed location, route, or routes, of the proposed construction of extension, including a description of the manner of the construction and the names of all public utilities, corporations, or persons with whom the proposed construction or extension is likely to compete.

**807 KAR 5:001, Section 15(2)(d)** – one copy...of, 1. Maps to suitable scale showing the location or route of the proposed construction or extension, as well as the location to scale of like facilities owned by others located anywhere within the map area with adequate identification as to the ownership of other facilities; and 2. Plans and specifications and drawings of the proposed plant, equipment, and facilities.

Atmos Energy is providing a maps of the proposed projects under seal pursuant to a motion for confidential treatment.

There are no public utilities, corporations, or persons with whom the proposed construction is likely to compete.

The description of the manner of construction and the specifications of the proposed components are as follows: all piping and components for the referenced projects will be designed following the Code of Federal Regulations Part 192 and adhere to all applicable industry standards including ASME B31.8 (Gas Transmission and Distribution Piping), and API 5L for line pipe specifications. The table below lists the proposed pipeline and pipeline component specifications along with the calculated percent of Specified Minimum Yield Strength (“SMYS”) at the existing Maximum Allowable Operating Pressure’s (“MAOP”)

| Project            | Size (OD) | Wall Thickness | Grade | SMYS   | MAOP     | % of SMYS @ MAOP |
|--------------------|-----------|----------------|-------|--------|----------|------------------|
| Hawesville -Domtar | 8.625”    | 0.322”         | X52   | 52,000 | 500 PSIG | 12.9             |
| Bon Harbor         | 8.625”    | 0.322”         | X52   | 52,000 | 529 PSIG | 13.6             |
| Bon Harbor         | 4.5”      | 0.237”         | X52   | 52,000 | 529 PSIG | 9.7              |

Additionally, to protect against corrosion, the pipeline will be coated with a series of factory applied Fusion Bonded Epoxy (“FBE”) and Abrasion Resistant Overlay (“ARO”) per Atmos Energy Design and Standards. Both replaced pipelines will be cathodically protected and tied into existing cathodic protection systems at their respective locations where applicable.

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

In the Matter of:

|                                     |   |            |
|-------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF ATMOS     | ) |            |
| ENERGY CORPORATION FOR CERTIFICATES | ) | CASE NO.   |
| OF PUBLIC CONVENIENCE AND NECESSITY | ) | 2026-00202 |
| FOR PROJECTS TO BE INCLUDED IN THE  | ) |            |
| PIPELINE MODERNIZATION RIDER        | ) |            |

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**CERTIFICATION PURSUANT TO KRS 322.340**

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Pursuant to KRS 322.340, the maps in this Application are issued for the purpose of regulatory approval and do not represent survey-quality data. The information herein serves as a conceptual depiction of the plans, specifications, and drawings of the plant, equipment, and facilities. All maps and information regarding structures were completed by myself, or someone under my supervision.

*Chase Downing, PE*

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Chase Downing, PE

07/23/2026

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Date

## **Exhibit 4**

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY )  
CORPORATION FOR CERTIFICATES OF )  
PUBLIC CONVENIENCE AND NECESSITY ) CASE NO. 2026-00202  
FOR PROJECTS TO BE INCLUDED IN THE )  
PIPELINE MODERNIZATION RIDER )

CERTIFICATE AND AFFIDAVIT

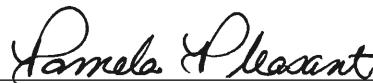
The Affiant, Ryan A. Chastain, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2026-00202 and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.



Ryan A. Chastain

STATE OF TENNESSEE  
COUNTY OF WILLIAMSON

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



Notary Public

My Commission Expires: 01-24-2028



**BEFORE THE PUBLIC SERVICE COMMISSION**

**COMMONWEALTH OF KENTUCKY**

**IN THE MATTER OF**

|                                            |   |                   |
|--------------------------------------------|---|-------------------|
| <b>ELECTRONIC APPLICATION OF ATMOS</b>     | ) |                   |
| <b>ENERGY CORPORATION FOR CERTIFICATES</b> | ) | <b>CASE NO.</b>   |
| <b>OF PUBLIC CONVENIENCE AND NECESSITY</b> | ) | <b>2026-00202</b> |
| <b>FOR PROJECTS TO BE INCLUDED IN THE</b>  | ) |                   |
| <b>PIPELINE MODERNIZATION RIDER</b>        | ) |                   |

**TESTIMONY OF RYAN CHASTAIN**

**DATED: July 31, 2026**

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## 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.

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

3 A. No.

4 **Q. ARE YOU SPONSORING ANY ATTACHMENTS?**

5 A. Yes. I am sponsoring the following attachments, which are attached to my testimony:

6 **Attachment RC-1** Case No. 2024-000276, Application, Direct Testimony of T.

7 Ryan Austin, Exhibit TRA-5.<sup>1</sup>

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

9 A. The purpose of my testimony is to describe the two projects Atmos Energy proposes to  
10 include in the Pipeline Modernization Rider (“PM Rider”) to enable the Company to  
11 recover costs associated with compliance with U.S. Department of Transportation Pipeline  
12 and Hazardous Materials Administration (“PHMSA”) regulations. I will be discussing the  
13 necessity of these projects and the lack of wasteful duplication. I also support the request  
14 to include these projects for recovery through Atmos Energy’s Pipeline Modernization  
15 Rider (“PM Rider”) that was established in Atmos Energy’s last general rate case, Case  
16 No. 2024-00276.<sup>2</sup>

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<sup>1</sup> *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief*, Case No. 2024-00276 (filed September 27, 2024).

<sup>2</sup> Case No. 2024-00276, August 11, 2025 Order (Ky. PSC August 11, 2025).

1           **II.       FEDERAL REQUIREMENTS NECESSIATING THE PROJECTS**

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

4   A.     Yes.

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

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

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

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

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

21           *It is appropriate that the principal actions for regulating distribution*  
22           *pipeline safety rest with the States. States need to balance safety and*  
23           *affordability. They need to ensure that the particular needs of their citizenry*  
24           *are fulfilled....<sup>3</sup>*

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<sup>3</sup> Notice of Proposed Rulemaking, 73 Fed. Reg. 36015 at 36017.

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

3   A.     In 2016 PHMSA published a Notice of Proposed Rulemaking (“NPRM”) in response to  
4           the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 and related federal  
5           mandates and recommendations. The proposed rules in this NPRM have been collectively  
6           termed the “Mega Rule.” On October 19, 2019, the first of these three separate rulemakings  
7           (“Mega Rule Part 1”) was finalized with an effective date of July 1, 2020.<sup>4</sup> Mega Rule Part  
8           1 requires operators of onshore steel transmission pipeline segments to reconfirm the  
9           maximum allowable operating pressure (“MAOP”) of all pipeline segments that do not  
10          include historical records that are traceable, verifiable, and complete (“TVC”). Under this  
11          ruling, the pipeline segments are located in either High Consequence Areas (“HCAs”), or  
12          Class 3 & Class 4 locations.<sup>5</sup> In particular Mega Rule Part 1 requires:

- 13           • Complete MAOP Reconfirmation of 50% of affected pipeline mileage by July 2028  
14           (§192.624); and,
- 15           • Complete MAOP Reconfirmation of 100% of affected pipeline mileage by July  
16           2035 (§192.624).<sup>6</sup>

17   **Q.     WHY WAS THE MEGA RULE ISSUED?**

18   A.     The Mega Rule was issued to strengthen the safety and environmental protection of  
19           onshore gas transmission pipelines throughout the United States. The Mega Rule  
20           incorporates lessons learned through the investigation of the September 9, 2010, gas  
21           transmission pipeline incidence in San Bruno, California, which resulted in the death of

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<sup>4</sup> Pipeline and Hazardous Materials Safety Administration, 84 Fed. Reg. 52180-52257 (Oct. 1, 2019).

<sup>5</sup> See 49 C.F.R. §§ 192.624, 192.632.

<sup>6</sup> The entire “Mega Rule” can be located at the Code of Federal Regulations <https://www.ecfr.gov/current/title-49/subtitle-B/chapter-I/subchapter-D/part-192?toc=1> (last accessed July 29, 2026).

1 eight people and injuries to more than 60 others.<sup>7</sup> In doing so, the Mega Rule revises the  
2 pipeline safety regulations that PHMSA issued under Title 49 of the Code of Federal  
3 Regulations, Part 192.

4 **Q. PLEASE DISCUSS THE COMPANY’S STRATEGY TO ADDRESS THE NEW**  
5 **MEGA RULE REQUIREMENTS?**

6 A. Where the Company can perform pressure tests, or reduce pressure without jeopardizing  
7 safety and reliability, it has been done. After completing the projects in this Application,  
8 there will be approximately 12.5 miles of transmission pipeline where pipe replacement  
9 will be the most cost-efficient way to reconfirm the MAOP because pressure testing or  
10 reducing the pressure in these segments is not possible. Replacement will allow the  
11 Company to keep our customers in service as well as modernize vintage pipelines, so the  
12 lines will operate with a higher factor of safety. An ancillary benefit of the replacement  
13 work is that the Company will be able to install larger diameter pipe to enhance system  
14 reliability and support the continued development of the areas where the replacement work  
15 will occur as these areas have grown significantly since the original pipe was installed.

16 **Q. DID THE COMMISSION APPROVE THE PM RIDER?**

17 A. Yes. In Case No. 2024-00276 the Commission approved Atmos Energy’s request to  
18 implement the PM Rider. The Commission found, “any projects for which Atmos seeks to  
19 obtain accelerated recovery under the PM Rider must be approved via CPCN application.  
20 Furthermore, the PM rider shall be limited in scope to the projects listed in Exhibit TRA-5  
21 to Mr. Austin’s Direct Testimony.”<sup>8</sup>

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<sup>7</sup> See generally Pipeline Accident Report, NTSB/PAR-11/01 PB 2011-916501.

<sup>8</sup> Case No. 2024-00276, August 11, 2026 Order at 65.

1 **Q. ARE THE PROJECTS IN THIS APPLICATION LISTED IN EXHIBIT TRA-5?**

2 A. Yes. Please see **Attachment RC-1** which is a copy of Exhibit TRA-5. The Hawesville  
3 Domtar Line Project is the third project on the list. The Bon Harbor Field Project is the  
4 twelfth project on the list.

5 **III. HAWESVILLE DOMTAR LINE**

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

9 A. Yes.

10 **Q. PLEASE DESCRIBE THE HAWESVILLE DOMTAR LINE PROJECT?**

11 A. The Hawesville Domtar line project consists of the replacement of approximately 5,600  
12 feet of transmission pipeline located in a Class 3 location and install approximately 5,600  
13 feet of 8-inch high-pressure distribution pipeline in Hancock County, Kentucky. This  
14 pipeline was originally installed in 1966 and Atmos Energy is missing TVC records  
15 regarding this section of line. With the design parameters of the newly installed pipeline  
16 and materials, this replacement section will be redesignated from transmission to  
17 distribution.

18 **Q. WHY IS PRESSURE-TESTING NOT AN OPTION FOR THIS LINE?**

19 A. Pressure testing on this section of pipeline is not possible because this pipe serves one of  
20 the largest industrial customers Atmos Energy serves in the state that constantly consumes  
21 natural gas for their process. To pressure test this line, Atmos Energy would have to take  
22 the pipeline out of service. Additionally, a pressure test requires doubling the pressure on  
23 the line. Doing so could lead to additional operational concerns of the pipe. Furthermore,

1 Atmos Energy would have to excavate and perform tests to verify the material properties  
2 in conjunction with a pressure test.

3 **Q. WHY IS REDUCING PRESSURE ON THESE TRANSMISSION LINES NOT**  
4 **POSSIBLE?**

5 A. Reducing the pressure on this pipeline would negatively affect the deliverability of natural  
6 gas to Atmos Energy's large industrial customer.

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

9 A. Replacement of the pipeline is the most effective and safest option. Atmos Energy will  
10 install the new pipeline and components with a higher specified minimum yield strength  
11 ("SMYS") because of more stringent design parameters, namely a thicker wall, and higher-  
12 grade pipe with complete pressure testing and material records. The replaced pipe will  
13 operate at approximately 12.9% SMYS while the existing transmission pipe operates at  
14 25.2% SMYS allowing this pipe to operate as a high-pressure distribution pipeline.

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

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

20 **Q. WHAT IS THE COST ESTIMATE FOR THIS PROJECT?**

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

22 **Q. WOULD THE OTHER OPTIONS TO BRING THIS LINE INTO COMPLIANCE**  
23 **BE HIGHER COST?**

1 A. The other options could provide a lower cost alternative. However, as stated above, these  
2 options have been determined not to be viable due to negative impact to customer  
3 deliverability and interruption of service. Additionally, if this pipeline remains in service,  
4 Atmos Energy would still be operating a transmission line, installed in 1966, in a Class 3  
5 location, without original installation records. Replacement of the pipe would increase  
6 safety by significantly reducing the percentage of SMYS at which the pipeline operates  
7 while not inhibiting any current or potential flowrate demands by Atmos Energy's  
8 downstream customers.

9 **Q. WHAT ARE THE ONGOING O&M COSTS FOR THE HAWESVILLE DOMTAR**  
10 **LINE PROJECT?**

11 A. Atmos Energy estimates that annual O&M costs for similar steel pipelines are  
12 approximately \$15,000 per mile. Applying that rate to this new segment of pipeline, the  
13 estimated annual O&M cost is approximately \$16,000.

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

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

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

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

23 **Q. HOW LONG IS CONSTRUCTION ANTICIPATED TO LAST?**

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

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

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

6 **Q. WHY IS ATMOS ENERGY REQUESTING A CPCN FOR THIS PROJECT?**

7 A. The Commission's final order in Case No. 2024-00276 required Atmos Energy to file a  
8 CPCN for each project listed in Attachment TRA-5 and approved for including in the PM  
9 Rider if construction had not started prior to the date of the Order.<sup>9</sup>

10 **IV. BON HARBOR FIELD LINES PROJECT**

11 **Q. IS THE BON HARBOR FIELD LINE PROJECT ONE ATMOS ENERGY HAS**  
12 **IDENTIFIED AS REPLACEMENT BEING NECESSARY TO COMPLY WITH**  
13 **THE MEGA RULE?**

14 A. Yes.

15 **Q. PLEASE DESCRIBE THE BON HARBOR FIELD LINE PROJECT?**

16 A. The Bon Harbor Field Line project consists of the replacement of approximately 2,300 feet  
17 of 4 inch, 6 inch, and 8 inch pipe and install approximately 2,300 feet of 4 inch and 8 inch  
18 transmission pipe located inside Atmos Energy's Bon Harbor storage field in Daviess  
19 County, Kentucky. This pipeline connects the Company's storage wellheads to the meter  
20 and regulator station to feed into the Owensboro system. The pipeline is missing testing  
21 and material records.

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<sup>9</sup> Case No. 2024-00276, August 11, 2026 Order at 65.

1 **Q. WAS THE BON HARBOR FIELD LINE PROJECT INCLUDED IN THE**  
2 **PROJECT LIST IN ATTACHMENT TRA-5 IN CASE NO. 2024-00276 THAT WAS**  
3 **APPROVED TO BE INCLUDED IN THE PM RIDER?**

4 A. Yes.

5 **Q. WHY IS PRESSURE-TESTING NOT AN OPTION FOR THIS LINE?**

6 A. Pressure testing this pipeline is not an option because the storage field would be taken out  
7 of service and the Company would lose ability to inject or withdrawal from the storage  
8 field. This would have a negative impact on the system and the customers it serves.  
9 Additionally, with a pressure test, material properties would have to be determined and  
10 verified as well. A pressure test alone would not satisfy Mega Rule.

11 **Q. WHY IS REDUCING PRESSURE ON THESE TRANSMISSION LINES NOT A**  
12 **REASONABLE ALTERNATIVE?**

13 A. Reducing pressure on the field lines is not possible because the storage field pressures are  
14 dictated by the field characteristics themselves. Atmos Energy operates the storage field to  
15 provide adequate gas storage to have capacity for the Owensboro system in the winter  
16 months.

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

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

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

13 A. Yes. As noted above, Atmos Energy did consider other options that would satisfy Mega  
14 Rule Part 1, but the other options would not be viable.

15 **Q. WHAT IS THE COST ESTIMATE FOR THIS PROJECT?**

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

17 **Q. WOULD THE OTHER OPTIONS TO BRING THIS LINE INTO COMPLIANCE**  
18 **BE HIGHER COST?**

19 A. The other options to bring this line in compliance would result in higher cost. This would  
20 involve disconnection of all field lines from the wellheads, conducting a pressure test and  
21 excavating the line in numerous locations to collect full material records.

1 **Q. WHAT ARE THE ONGOING O&M COSTS FOR THE BON HARBOR FIELD**  
2 **PROJECT?**

3 A. Atmos Energy estimates that annual O&M costs for similar steel pipelines are  
4 approximately \$15,000 per mile. Applying that rate to this new segment of pipeline, the  
5 estimated annual O&M cost is approximately \$6,500.

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

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

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

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

15 **Q. HOW LONG IS CONSTRUCTION ANTICIPATED TO LAST?**

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

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

19 A. No, since the field will remain operational while the new lines are constructed there should  
20 not be service interruptions.

1 **Q. WHY IS ATMOS ENERGY REQUESTING A CPCN FOR THIS PROJECT?**

2 A. The Commission's final order in Case No. 2024-00276 required Atmos Energy to file a  
3 CPCN for each project listed in Attachment TRA-5 and approved for including in the PM  
4 Rider if construction had not started prior to the date of the Order.<sup>10</sup>

5 **V. CONCLUSION**

6 **Q. DO YOU BELIEVE THE HAWESVILLE DOMTAR LINE PROJECT AND THE**  
7 **DOMTAR FIELD LINE PROJECT ARE NECESSARY?**

8 A. Yes. Atmos Energy must comply with the PHMSA Mega Rule. If Atmos Energy does  
9 not complete these projects, it will not be compliant with PHMSA.

10 **Q. DO YOU BELIEVE THE REPLACEMENT OF THESE LINES IS THE MOST**  
11 **REASONABLE APPROACH TO COMPLIANCE WITH THE MEGA RULE PART**  
12 **I?**

13 A. Atmos Energy believes the replacement of these lines is the safest, most reliable, and  
14 reasonable approach to compliance with Mega Rule Part I while supporting system  
15 reliability and development of future load demands.

16 **Q. DOES THE REPLACEMENT OF THESE LINES LEAD TO WASTEFUL**  
17 **DUPLICATION?**

18 A. No. The lines are not duplicative. Once constructed, the current lines will be retired.  
19 There will be no overbuild of facilities.

20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 A. Yes.

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<sup>10</sup> Case No. 2024-00276, August 11, 2026 Order at 65.

## **ATTACHMENT RC-1**

| Town          | Length (ft) | In-Service Date | Outside Diameter | MAOP | % SMYS at MAOP | Consequence Area Type | Proposed MAOP Reconfirmation Method | Forecast Reconfirmation (Fiscal Year) | Current Estimated Capital Cost |
|---------------|-------------|-----------------|------------------|------|----------------|-----------------------|-------------------------------------|---------------------------------------|--------------------------------|
| Hawesville    | 206         | 7/25/1969       | 6.625            | 594  | 43.6%          | N/A                   | Pipe Replacement                    | 2025                                  | \$2,677,220                    |
| Hawesville    | 5916        | 7/16/1968       | 8.625            | 594  | 56.8%          | N/A                   | Pressure Reduction                  | 2025                                  |                                |
| Hawesville    | 5650        | 12/5/1964       | 6.625            | 594  | 29.9%          | N/A                   | Pipe Replacement                    | 2026                                  | \$6,124,697                    |
| Madisonville  | 6142        |                 | 6.625            | 594  | 43.6%          | MCA                   | Pipe Replacement                    | 2026                                  |                                |
| Madisonville  | 4699        | 11/25/1955      | 6.625            | 425  | 23.5%          | N/A                   | Pipe Replacement                    | 2026                                  |                                |
| Hawesville    | 5322        | 11/15/1966      | 6.625            | 500  | 36.7%          | N/A                   | Pressure Test                       | 2027                                  |                                |
| Paducah       | 20333       | 11/14/1954      | 8.625            | 395  | 28.4%          | N/A                   | Pipe Replacement                    | 2028                                  |                                |
| Bowling Green | 10771       | 2/24/1995       | 8.625            | 814  | 44.5%          | N/A                   | Pressure Reduction                  | 2030                                  |                                |
| Paducah       | 8886        | 12/4/1969       | 8.625            | 395  | 37.8%          | N/A                   | Pipe Replacement                    | 2031                                  |                                |
| Paducah       | 5185        | 9/16/1958       | 8.625            | 395  | 37.8%          | N/A                   | Pipe Replacement                    | 2032                                  |                                |
| Paducah       | 3860        | 9/4/1956        | 8.625            | 395  | 37.8%          | N/A                   | Pipe Replacement                    | 2032                                  |                                |
| Bon Harbor    | 2202        | 8/1/1964        | 6.625            | 529  | 38.8%          | N/A                   | Pipe Replacement                    | 2033                                  |                                |
| Paducah       | 15850       | 10/12/1959      | 8.625            | 395  | 37.8%          | N/A                   | Pipe Replacement                    | 2034                                  |                                |
| Paducah       | 667         | 7/13/1970       | 6.625            | 395  | 29.0%          | MCA                   | Pipe Replacement                    | 2034                                  |                                |