

ATMOS ENERGY CORPORATION

(NAME OF UTILITY)

PBR

Performance Based Rate Mechanism

Applicable

To all gas sold.

Rate Mechanism

The amount computed under each of the rate schedules to which this Performance Based Rate Mechanism is applicable shall be increased or decreased by the Performance Based Rate Recovery Factor (PBRRF) at a rate per 1,000 cubic feet (Mcf) of monthly gas consumption. Demand costs and commodity costs shall be accumulated separately and included in the pipeline suppliers Demand Component and the Gas Supply Cost Component of the Gas Cost Adjustment (GCA), respectively. The PBRRF shall be determined for each 12-month period ended October 31 during the effective term of these performance based ratemaking mechanisms, which 12-month period shall be defined as the PBR period. The PBR mechanism, is approved and effective June 20,2022 and should only be extended through May 31,2025 or by order of the Public Service Commission.

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The PBRRF shall be computed in accordance with the following formula:

$$PBRRF = (CSPBR + BA) / ES$$

Where:

ES = Expected Mcf sales, as reflected in the Company's GCA filing for the upcoming 12-month period beginning February 1.

CSBPR = Company Share of Performance Based Ratemaking Mechanism savings or expenses. The CSPBR shall be calculated as follows:

$$CSPBR = TPBRR \times ACSP$$

Where:

ACSP = Applicable Company Sharing Percentage

TPBRR = Total Performance Based Ratemaking Results. The TPBRR shall be savings or expenses created during the PBR period. TPBRR shall be calculated as follows:

$$TPBRR = (GAIF + TIF + OSSIF)$$

DATE OF ISSUE June 20,2022
Month/Date/Year

DATE EFFECTIVE June 20,2022
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2020-00289 dated June 20,2022

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

TITLE Vice President – Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION

(NAME OF UTILITY)

PBR

Performance Based Rate Mechanism (Continued)

ACSP

ACSP = Applicable Company Sharing Percentage. The ACSP shall be determined based on the PTAGSC.

Where:

PTAGSC = Percentage of Total Actual Gas Supply Costs. The PTAGSC shall be the TPBRR stated as a Percentage of Total Actual Gas Supply Costs and shall be calculated as follows:

$PTAGSC = TPBRR / TAGSC$

Where:

TAGSC = Total Actual Gas Supply Costs. The TAGSC shall be calculated as follows:

$TAGSC = TAAGCCBL + TAAGCCSL + TAATC$

If the absolute value of the PTAGSC is less than or equal to 9.4%, then the ACSP of 30% shall be applied to TPBRR to determine CSPBR. If the absolute value of the PTAGSC is greater than 9.4%, then the ACSP of 30% shall be applied to the amount of TPBRR that is equal to 9.4% of TAGSC to determine a portion of CSPBR, and the ACSP of 50% shall be applied to the amount of TPBRR that is in excess of 9.4% of TAGSC to determine a portion of CSPBR. These two portions are added together to produce the total CSPBR. (T) (T) (T) (T)

BA

BA = Balance Adjustment. The BA is used to reconcile the difference between the amount of revenues billed or credited through the CSPBR and previous application of the BA and revenues which should have been billed or credited, as follows:

1. For the CSPBR, the balance adjustment amount will be the difference between the amount billed in a 12-month period from the application of the CSPBR and the actual amount used to establish the CSPBR for the period.
2. For the BA, the balance adjustment amount will be the difference between the amount billed in a 12-month period from the application of the BA and the actual amount used to establish the BA for the period.

Annual Reports

Atmos Energy shall file annual reports to the Kentucky Public Service Commission, describing activities and financial results under the PBR program. These reports shall be filed by August 31 of each calendar year, commencing in 2022. (T)

Review

Within 60 days of the end of the third year of the four year extension, the Company will file an evaluation report on the results of the PBR mechanism for the final year of the previous approval period and the first three years of the extension period. In that report and assessment, the Company will make any recommended modifications to the PBR mechanism. (T) (T) (T) (N)

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