

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:                    Andrew J. French, Chairperson  
   Dwight D. Keen  
   Annie Kuether

In the Matter of the Application of Atmos    )  
Energy Corporation for Adjustment of its    )     Docket No. 26-ATMG-026-RTS  
Natural Gas Rates in the State of Kansas.    )

**ORDER APPROVING UNANIMOUS SETTLEMENT AGREEMENT**

This matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

**BACKGROUND AND PROCEDURAL HISTORY**

1.     On July 25, 2025, Atmos Energy Corporation (“Atmos”) filed an Application requesting to increase its gross annual revenues by \$19.1 million, rebasing amounts currently collected through the Gas System Reliability Surcharge (“GSRS”), resulting in a proposed overall rate of return of 8.20%.<sup>1</sup> Atmos’ requested revenue requirement was supported by a weighted average cost of capital (“WACC”) of 8.20%, consisting of a capital structure of 38.94% debt and 61.06% equity, a cost of debt of 4.13%, and a return on equity of 10.8%.<sup>2</sup>

2.     Additionally, Atmos requested: (1) a new Tax Tariff Rider, (2) modifications to its Electronic Flow Measurement (“EFM”) equipment<sup>3</sup>; (3) approval of a new accounting treatment

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<sup>1</sup> Atmos’ Application, ¶¶ 4-5 (July 25, 2025). Atmos stated the requested increase is due primarily to increases in investment, operations and management expenses and cost of capital since its last rate case in Docket No. 23-ATMG-359-RTS. *Id.*, ¶¶ 3, 5.

<sup>2</sup> See Direct Testimony of Atmos witness Dylan W. D’Ascendis, Table 1, p. 3 (July 25, 2025).

<sup>3</sup> Atmos’ Application, ¶ 8.

for Cloud Computing assets; and (4) an abbreviated rate case.<sup>4</sup> In support of its Application, Atmos submitted the testimony of nine witnesses and schedules, as required by K.A.R. 82-1-231.

3. Citizen’s Utility Ratepayer Board (“CURB”), and WoodRiver Energy, LLC (“WoodRiver Energy”), have petitioned and been granted intervention in this proceeding.<sup>5</sup>

4. On December 8, 2025, Commission Staff (“Staff”) filed direct testimony from twelve (12) witnesses, including schedules and exhibits supporting a recommended net revenue requirement increase of \$10,249,342, which does not include the effect of rolling the \$5,699,747 of GSRS revenue into base rates.<sup>6</sup> After accounting for the rebased GSRS revenue, Staff’s recommended revenue requirement totaled \$15,949,089, resulting in a net rate increase of 14.73% to Atmos’ Kansas ratepayers.<sup>7</sup> Staff recommended a WACC of 7.46%, inclusive of a capital structure of 41.44% debt and 58.56% equity, a cost of debt of 4.29%, and a return on equity of 9.7%.<sup>8</sup> Staff also recommended denying Atmos’ request for an abbreviated rate case, and the requested changes for cloud computing accounting treatment, and its Tax Rider tariff proposal.<sup>9</sup>

5. On December 8, 2025, CURB filed direct testimony from three witnesses and recommended a base revenue requirement increase of \$20,730,010, and that the GSRS be rebased and the revenues be rolled into base rates, pursuant to K.S.A. 66-2204(f)(1).<sup>10</sup> After the GSRS rebasing, CURB recommended a net revenue increase of \$15,030,263.<sup>11</sup> On December 15, 2025, CURB filed testimony stating that after using Staff’s rate of return, depreciation rates, residential

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<sup>4</sup> *Id.*, ¶ 9.

<sup>5</sup> Order Granting CURB’s Petition to Intervene; Protective and Discovery Order (July 31, 2025); Order Granting Intervention to WoodRiver Energy, LLC and Granting Admission of Alex Goldgerg Pro Hac Vice (Sept. 23, 2025).

<sup>6</sup> Staff Witness Chad Unrein’s Testimony in Support of Settlement Agreement, p. 3 (Jan. 16, 2026) (“Unrein Testimony”).

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

<sup>8</sup> *Id.*, p. 4.

<sup>9</sup> *Id.*

<sup>10</sup> CURB Witness Audrey Benham’s Testimony in Support of Settlement Agreement, p. 2 (Jan. 16, 2026) (“Benham Testimony”).

<sup>11</sup> *Id.*

revenue adjustment, and Staff's adjustment to normalize underground storage and distribution expenses, CURB recommended an overall base revenue increase of \$15,148,926, resulting in a net rate increase of 21.60% to Kansas ratepayers.<sup>12</sup> CURB also recommended denial of the request for an abbreviated rate case, and reducing the current residential charge from \$19.75 per month to \$17.65 per month after conducting a class cost of service ("CCOS") study.<sup>13</sup>

6. On December 22, 2025, Atmos filed rebuttal testimony including a \$0.86 million upward adjustment in its previous gross and net revenue requirement position, which resulted in a "revised position requesting an overall increase of \$25.63 million in base rate revenues or a net revenue requirement increase of \$19.93 million, when accounting for the \$5.7 million in revenues collected through the GSRS."<sup>14</sup> Atmos revised its requested WACC of 8.17%, supported by its revised capital structure of 40.14% debt and 59.86% equity, an adjusted cost of debt of 4.24%, and retained its requested return on equity of 10.8%.<sup>15</sup>

7. On January 9, 2026, all parties to this Docket filed a Joint Motion to Approve Unanimous Settlement Agreement, in which the parties resolved all principle outstanding issues, and that the proposed agreement "represents a reasonable and fair resolution of this matter and that the terms contained therein are in the public interest."<sup>16</sup>

8. The proposed Unanimous Settlement Agreement ("Settlement Agreement") (attached hereto as "Exhibit A" and incorporated by reference) requests the Commission to authorize an overall annual increase in base rates of \$17,699,747, including \$5,699,747 related to

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<sup>12</sup> *Id.* (After the rebasing of \$5,699,747 of GSRS revenue, the recommendation was a total net revenue increase of \$9,449,179); *see also*, Unrein Testimony, p. 5.

<sup>13</sup> *Id.*

<sup>14</sup> Unrein Testimony, p. 6.

<sup>15</sup> *Id.*

<sup>16</sup> Joint Motion to Approve Unanimous Settlement Agreement, p. 3 ("Joint Motion").

rebasings GSRS surcharge revenues, for an incremental new revenue increase of \$12,000,000.<sup>17</sup> For purposes of calculating Atmos' GSRS, System Integrity Plan (“SIP”), and K.S.A. 66-1,239 filings, the carrying charges to be applied to recoverable investments shall be calculated using a carrying charge of 8.97% gross of tax.<sup>18</sup> Atmos also agreed to withdraw its request for an abbreviated rate case and a Tax Rider Tariff and that Atmos will follow the procedures pursuant to K.S.A. 66-1,239 to capture the effects resulting from the Tax Act of 2022 and any other tax law changes.<sup>19</sup> The parties were unable to reach an agreement on accounting treatment for Cloud Computing, so each party reserves the right to raise this issue in Atmos’ next rate case.<sup>20</sup> The parties also request the new rates, if approved by the Commission, take effect on or before March 1, 2026.<sup>21</sup>

9. On January 16, 2026, testimony in support of the Settlement Agreement was filed by Kathleen Ocanas on behalf of Atmos, Audrey Benham on behalf of CURB, and Chad Unrein on behalf of Staff.

10. On January 28, 2026, the Commission held a hearing on the proposed Settlement Agreement, wherein each party was represented by counsel and submitted pre-filed testimony. The Commission heard live testimony from Kathleen Ocanas on behalf of Atmos, Audrey Benham on

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<sup>17</sup> *Id.*, Exhibit A, p. 3. Unless specified in its provisions, the Settlement Agreement represents a “black box agreement” in which the parties agree on the end result but may not necessarily agree on the adjustments made by each party in order to arrive at the agreement. Unrein Testimony, p. 7. While the Settlement Agreement does not specify a capital structure or cost of capital, the parties agreed to use an 8.97% pre-tax rate of return for future GSRS annual filings until Atmos’ next general rate case. Benham Testimony, p. 3.

<sup>18</sup> Unrein Testimony, p. 7. (This carrying charge is solely for the purpose of GSRS, SIP, and K.S.A. 66-1,239 filings and not for any other purpose).

<sup>19</sup> Benham Testimony, p. 5. The parties also agreed Atmos’ Residential class would be allocated 71.57% of the revenue increase, and a Residential customer charge of \$23.00 per month. *Id.*; *see also*, Appendix B in the Settlement Agreement.

<sup>20</sup> Unrein Testimony, p. 11.

<sup>21</sup> *Id.*, p. 12.

behalf of CURB, and Chad Unrein on behalf of Staff. These witnesses were cross-examined by the Commission, and the parties were given the opportunity for re-direct examination.

### LEGAL STANDARD AND ANALYSIS

11. Under K.S.A. 66-101, the Commission has “full power, authority and jurisdiction to supervise and control electric public utilities, as defined in K.S.A. 66-101a, doing business in Kansas...”<sup>22</sup> As a natural gas public utility, KGS is subject to Commission jurisdiction and is “required to furnish reasonably efficient and sufficient service and facilities for the use of any and all products or services rendered, furnished, supplied or produced by such natural gas public utility, to establish just and reasonable rates, charges and exactions and to make just and reasonable rules, classifications and regulations.”<sup>23</sup>

12. Because the Commission “is empowered to do all things necessary and convenient for the exercise of such power, authority and jurisdiction,” and is not prohibited from considering proposals submitted by the parties, the Commission may consider a proposed settlement agreement.<sup>24</sup> Importantly, “the law favors compromise and settlement of disputes.”<sup>25</sup> Accordingly, the Commission may accept a “settlement agreement provided an independent finding is made, supported by substantial evidence in the record as a whole, (and) that the settlement will establish just and reasonable rates.”<sup>26</sup>

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<sup>22</sup> K.S.A. 66-101a defines the definition of “electric public utility” to include any public utility defined in K.S.A. 66-104, which includes every corporation/company that owns, controls, operates or manages “the conveyance of oil and gas through pipelines in or through any part of the state...”. *See also*, K.S.A. 66-1,200 and K.S.A. 66-1,201.

<sup>23</sup> K.S.A. 66-1,202.

<sup>24</sup> K.S.A. 66-101; *see also*, *Farmland Indus., Inc. v. State Corp. Comm’n*, 24 Kan. App. 2d 172 (1997).

<sup>25</sup> *Krantz v. University of Kan.*, 271 Kan. 234, 241 (2001).

<sup>26</sup> *CURB v. State Corp. Comm’n*, 28 Kan. App. 2d 313, 316 (2000) (quoting *Southwestern Bell Tel. Co. v. Kansas Corp. Comm’n*, 4 Kan.App.2d 44, 46, 602 P.2d 131 (1979), *rev. denied* 227 Kan. 927 (1980)).

13. When setting rates, the Commission “should have as its goal the fixing of the rates within a zone of reasonableness after balancing the interests of the utility's investors, the ratepayers, and the public.”<sup>27</sup>

14. Pursuant to K.A.R. 82-1-230a, the proposed Settlement Agreement is considered a “unanimous settlement agreement.”<sup>28</sup> Therefore, there is no need to apply the traditional five-factor test when reviewing settlement agreements.<sup>29</sup> Instead, the Commission reviews the record to determine whether the proposed Settlement Agreement is: (1) supported by substantial competent evidence in the record as a whole; (2) will result in just and reasonable rates; and (3) is in the public interest.<sup>30</sup>

15. Substantial competent evidence is that “which possesses something of substance and relevant consequence, and which furnishes a substantial basis of fact from which the issues tendered can reasonably be resolved.”<sup>31</sup>

16. The record in this Docket is extensive and includes hundreds of work papers and data requests, and pre-filed direct and/or rebuttal testimony from nine (9) Atmos witnesses, twelve

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<sup>27</sup> *Kansas Gas & Elec. Co. v. Kansas Corp. Comm'n*, 239 Kan. 483, Syl. ¶ 2 (1986).

<sup>28</sup> K.A.R. 82-1-230a(a)(2) states that a unanimous settlement agreement is one entered into by all parties or an agreement that is not opposed by any party that did not enter into the agreement.

<sup>29</sup> The traditional factors to guide the Commission for reviewing a settlement agreement are:

- (1) Was there an opportunity for the opposing parties to be heard on the reasons for opposition to the settlement agreement?
- (2) Is the settlement agreement supported by substantial competent evidence in the record as a whole?
- (3) Does the settlement agreement conform to applicable law?
- (4) Does the settlement agreement result in just and reasonable rates?
- (5) Are the results of the settlement agreement in the public interest?

*In re Application of KC Power & Light Co.* (Docket 14-KCPE-0420-TAR) (2014 WL 5426917, ¶ 16) (Oct. 23, 2014). However, the Commission has historically forgone this five-factor test when reviewing proposed unanimous settlement agreements. *See, e.g., In re Application of KC Power & Light Co.*, Docket 15-KCPE-116-RTS (Sept. 10, 2015).

<sup>30</sup> Order on KCP&L's Application for Rate Change, ¶ 15, Docket No. 15-KCPE-116-RTS (Sep. 10, 2015) (citing *Citizens' Util. Ratepayer Bd. v. Kansas Corp. Comm'n*, 28 Kan. App. 2d 313, 316 (2000), *rev. denied* March 20, 2001).

<sup>31</sup> *CURB v. State Corp. Comm'n*, 28 Kan. App. 2d 313, 316 (2000). Whether a different trier of fact could have reached a different result given the same set of facts is irrelevant — a decision not supported by substantial competent evidence occurs when the Commission's “determination is so wide of the mark as to be outside the realm of debate.” *Farmland Indus., Inc. v. Kansas Corp. Comm'n*, 25 Kan. App. 2d 849, 851 (1999).

(12) Staff witnesses, three (3) CURB witnesses, which offered diverse recommendations.<sup>32</sup> Indeed, there is extensive testimony representing the multiple, diverse and competing interests in this Docket. Also, Staff analyzed Atmos' Application and formed its own conclusions as to the prudence of the requested rate increase, which it presented in direct testimony.<sup>33</sup> Having reviewed the record as a whole, the Commission finds the Settlement Agreement is supported by substantial competent evidence.

17. The Settlement Agreement establishes just and reasonable rates, and are within the “zone of reasonableness,” which balances the interests of investors versus ratepayers, present versus future ratepayers, and the public interest. As noted by Staff, Staff’s “proposed net revenue requirement increase of \$10.25 million is closer to the settlement value of \$12 million than what (Atmos) proposed in its direct and rebuttal positions of \$19.06 million and \$19.93 million.”<sup>34</sup> This represents an approximate 37% reduction from Atmos’ original request.<sup>35</sup> Atmos’ original rate increase request would have resulted in a monthly increase of \$9.12 to the average residential customer’s bill.<sup>36</sup> The Settlement Agreement results in a \$5.69 per month increase to the average residential customer’s bill or an increase of 6.81% on the total bill based on average residential customer usage of 67.3 Ccf per month.<sup>37</sup> Staff also considered the substantial litigation expenses if a settlement was not reached, and those costs would have been passed to Atmos’ ratepayers.<sup>38</sup> As such, the Commission concludes the Settlement Agreement will result in just and reasonable rates for Atmos and its customers.

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<sup>32</sup> See Unrein Testimony, p. 13.

<sup>33</sup> See Unrein Testimony, p. 13.

<sup>34</sup> *Id.*, p. 14;

<sup>35</sup> Benham Testimony, p. 6.

<sup>36</sup> Staff witness Chad Unrein’s Direct Testimony, p. 5 (Dec. 8, 2025).

<sup>37</sup> Unrein Testimony, p. 18.

<sup>38</sup> See Unrein Testimony, p. 15.

18. The Commission also finds that the Settlement Agreement is in the public's interest. CURB notes Atmos' original proposal included a pre-tax rate of return of 9.96%, but the settled pre-tax rate of return applied to the GSRS is 8.97% resulting "in reduced costs attributable to future GSRS and SIP filings, and lessening bill impacts for customers."<sup>39</sup> Staff states that the agreed upon net revenue increase of \$12 million is closer to Staff's recommended position, while providing Atmos "with sufficient revenues and cash flows to meet its financial obligations and provide reliable service."<sup>40</sup> The Settlement Agreement will also allow Atmos to continue to utilize the GSRS mechanism to continue replacing its aging infrastructure in Kansas.<sup>41</sup>

19. The Commission finds that the agreed-upon rate increase provided for in the Settlement Agreement will provide Atmos sufficient revenue to meet its financial obligations and earn a reasonable rate of return while also providing safe and reliable service at just and reasonable rates. The Settlement Agreement reflects a vigorous examination by the parties of Atmos' financial condition and the requested revenue increase. The Settlement Agreement was fairly negotiated, with all parties agreeing to its terms.

20. After careful review and consideration of the evidence in the record, the Commission finds that the attached Settlement Agreement is supported by substantial competent evidence, will result in just and reasonable rates, and is in the public interest. As such, the Commission approved the Settlement Agreement in its entirety.

21. The new rates will take effect on March 1, 2026, as requested by the parties via the Settlement Agreement.<sup>42</sup>

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<sup>39</sup> Benham Testimony, p. 7.

<sup>40</sup> Unrein Testimony, p. 25.

<sup>41</sup> *Id.*

<sup>42</sup> Settlement Agreement, ¶ 13(a).

**THEREFORE, THE COMMISSION ORDERS:**

A. The Settlement Agreement is approved in its entirety. The terms of the attached Settlement Agreement are incorporated in this Order, with the new rates to take effect March 1, 2026.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>43</sup>

ARB

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<sup>43</sup> K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-351(b).

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 02/26/2026



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Celeste Chaney-Tucker  
Executive Director

## **CERTIFICATE OF SERVICE**

26-ATMG-026-RTS

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 2/26/2026.

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/s/KCC Docket Room

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