

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**PETITION OF ATMOS ENERGY )  
CORPORATION FOR APPROVAL )  
OF ITS 2026 ANNUAL RATE ) DOCKET NO. 26-00009  
REVIEW FILING PURSUANT TO )  
TENN. CODE ANN. § 65-5-103(d)(6) )**

**REBUTTAL TESTIMONY OF RYAN A. CHASTAIN  
ON BEHALF OF ATMOS ENERGY CORPORATION**

**May 1<sup>st</sup>, 2026**

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**Table of Contents**

**I.** INTRODUCTION OF WITNESS ..... 3

**II.** TESTIMONY SUMMARY ..... 4

**III.** THE LIMITED RELATIONSHIP BETWEEN THE DISTRIBUTION INTEGRITY  
MANAGEMENT PLAN AND CAPITAL EXPENDITURES ..... 6

**IV.** PRACTICAL DIFFICULTIES WITH THE REQUEST FOR DIMP OUTPUTS ..... 13

**V.** EXISTING REGULATORY OVERSIGHT OF THE DIMP ..... 16

**VI.** DRIVING FACTORS FOR SYSTEM INTEGRITY AND MAINTENANCE CAPITAL  
EXPENDITUES ..... 17

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
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**I. INTRODUCTION OF WITNESS**

**Q. PLEASE STATE YOUR NAME, POSITION 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, Ste. 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, related information technology, construction management, and procurement. My department is responsible for the execution of our integrity management plans, annual DOT filings, 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 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 (2010-2018) and Manager of Engineering Services with responsibilities of integrity management, geographic information systems, capital project management, and distribution facility replacement (2018-2025) before moving to my current role as Vice President of Technical Services in August of 2025.

1 **II. TESTIMONY SUMMARY**

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 A. The purpose of my testimony is to respond to the Pre-filed Direct Testimony of Bradley  
4 Dixon regarding Atmos Energy’s Distribution Integrity Management Plan (“DIMP”). In  
5 particular, my testimony is intended to explain why Mr. Dixon’s suggestion that “Atmos  
6 should provide its DIMP annually to both TPUC and the Consumer Advocate” as part of  
7 the ARM process would be neither necessary nor helpful.

8 **Q. TO BE CLEAR, ARE YOU SUGGESTING THAT INFORMATION REGARDING**  
9 **CAPITAL EXPENDITURES SHOULD NOT BE MADE AVAILABLE FOR**  
10 **REVIEW?**

11 A. No, of course not. As evidenced by, among other things, our good faith efforts to comply  
12 with the numerous and burdensome discovery requests served by the Consumer Advocate  
13 in this docket, Atmos Energy is committed to cooperation and transparency on all relevant  
14 issues, including providing explanations for its capital expenditures.

15 **Q. IF THAT IS THE CASE, THEN WHY OPPOSE MR. DIXON’S REQUEST FOR**  
16 **THE DIMP AND ITS OUTPUTS TO BE PROVIDED ANNUALLY?**

17 A. This opposition arises from three primary reasons. First, as the Company attempted to  
18 explain to the Consumer Advocate during the discovery process, production of the DIMP  
19 and its outputs would not be feasible in the formats requested. The outputs of the DIMP  
20 modeling framework come in many different formats, which are spread throughout several  
21 Atmos internal software programs and environments and take a variety of forms. They can  
22 only be meaningfully reviewed in real time within Atmos Energy’s internal software  
23 programs and environments, and it is difficult to provide documentation showing all the

1 outputs that are created or considered. This was our primary basis for our limited  
2 objections on the issue.

3 Second, and perhaps most important, annual review of the DIMP or its outputs as  
4 part of the ARM would not accomplish Mr. Dixon's stated goal of obtaining a better  
5 understanding of the Company's capital expenditures. The purpose of the DIMP is to  
6 provide an overarching analysis of relative risk and how Atmos Energy's various risk  
7 mitigation measures complement each other in mitigating those risks. Therefore, it does  
8 not provide a direct explanation for Atmos Energy's capital expenditure decisions. Those  
9 decisions are made through the planning and execution of primarily two capital intensive  
10 programs described within the DIMP. Atmos Energy is happy to provide information  
11 explaining those decisions, but that can be accomplished more effectively and efficiently  
12 through other means.

13 Third, and finally, the DIMP is already subject to regular audits and review by  
14 TPUC's Gas Pipeline Safety Division, such that annual review of the DIMP in the context  
15 of the ARM would be duplicative.

16 **Q. NOTWITHSTANDING THIS OPPOSITION TO MR. DIXON'S SUGGESTIONS**  
17 **REGARDING THE DIMP, IS ATMOS ENERGY WILLING TO PROVIDE**  
18 **INFORMATION REGARDING ITS CAPITAL EXPENDITURES AS PART OF**  
19 **THE ARM PROCESS?**

20 A. Absolutely. In fact, as I describe in more detail below, Atmos Energy has regularly provided  
21 project-specific information in response to relevant discovery requests in other  
22 jurisdictions. Although the Consumer Advocate has not made such requests in this or past  
23 dockets, Atmos Energy is happy to provide such information in Tennessee as well. The

1 Company respectfully suggests that continuing to make such information available through  
2 discovery is a much more efficient and effective means of evaluating its capital expenditure  
3 decisions than annual filings of the DIMP and its outputs.

4 **Q. DOES YOUR TESTIMONY ADDRESS ANY OTHER ISSUES?**

5 A. Yes. In addition to making recommendations regarding the DIMP, Mr. Dixon also made  
6 observations regarding the proportion of Capital Expenditures devoted to “System Integrity  
7 and Maintenance.” He does not state that the emphasis on “System Integrity and  
8 Maintenance” is inappropriate, and there were no questions directly related to capital  
9 expenditures of this type that arose in discovery. Nevertheless, so that the Commission is  
10 able to evaluate Atmos Energy’s system integrity capital expenditures on a complete  
11 record, my testimony provides an explanation of why Atmos Energy is focused on  
12 maintaining the integrity of our system to provide safe and reliable service to our  
13 customers.

14 **III. THE LIMITED RELATIONSHIP BETWEEN THE DISTRIBUTION**  
15 **INTEGRITY MANAGEMENT PLAN AND CAPITAL EXPENDITURES**

16 **Q. LET’S START BY DISCUSSING WHAT THE DIMP IS (AND, PERHAPS, MORE**  
17 **IMPORTANTLY, WHAT IT IS NOT). AS A THRESHOLD ISSUE, WOULD YOU**  
18 **PLEASE PROVIDE AN OVERVIEW OF THE FEDERAL AND STATE**  
19 **REGULATORY REQUIREMENTS RELATED TO GAS DISTRIBUTION**  
20 **PIPELINE SAFETY THAT IMPACT ATMOS ENERGY’S OPERATIONS?**

21 A. Atmos Energy is subject to the rules and regulations promulgated by Pipeline and  
22 Hazardous Materials Safety Administration (“PHMSA”). Pursuant to 49 U.S.C. § 60105,  
23 PHMSA certifies an authority in each state that is responsible for prescribing and enforcing

1 safety standards and practices for intrastate pipeline facilities. In Tennessee, the TPUC is  
2 the certified state authority to enforce these safety standards, as codified in T.C.A. § 65-  
3 28-106. The Commission has adopted additional safety standards for intrastate  
4 transmission and distribution pipelines, which can be found in its Gas Pipeline Safety  
5 Standards.

6 Some pipeline safety regulations require specific tasks for protecting and  
7 maintaining the pipeline systems, while others establish a minimum frequency for the  
8 performance of activities such as leak survey, patrolling, pipeline integrity assessment, and  
9 pressure regulation facility inspection. Federal and state regulations also require  
10 significant record keeping, planning, and engineering activities, as well as execution of the  
11 field activities that are necessary to perform the required work.

12 **Q. HOW DOES A DIMP FIT WITHIN THE PIPELINE SAFETY REGULATORY**  
13 **FRAMEWORK?**

14 A. Under 49 C.F.R. Part 192 subpart P, “Gas Distribution Pipeline Integrity Management,”  
15 each operator is required to develop and implement its own unique DIMP to mitigate risks  
16 on its system. While this subpart sets up a framework of general requirements, the operator  
17 must design its own plan that is specific to its system that will evaluate and address risk.  
18 The DIMP specifies how the utility will identify, assess, prioritize, and evaluate risks to the  
19 integrity of distribution lines and the manner in which those risks will be mitigated or  
20 eliminated. Under Department of Transportation, Part 192, Subpart P regulations, every  
21 distribution operator is required to have a DIMP in place. The seven key elements of a  
22 DIMP are:

- 23 1. Knowledge of distribution system;

- 1           2.     Identify threats;
- 2           3.     Evaluate relative risk;
- 3           4.     Identify and implement measures to reduce risk;
- 4           5.     Measure performance, monitor results, and evaluate effectiveness;
- 5           6.     Periodic evaluation and improvement; and
- 6           7.     Report results.

7                   Rather than simply rely on an existing list of potential threats that must be identified  
8                   and mitigated, PHMSA requires that “[a]n operator must consider . . . [any] other issues  
9                   that could threaten the integrity of its pipeline [and] reasonably available information to  
10                  identify existing and potential threats.”<sup>1</sup> Risk must then be evaluated and ranked, and  
11                  measures must be implemented to address those risks.

12   **Q.    WOULD PRODUCING THE DIMP AND ITS OUTPUTS BE HELPFUL IN**  
13   **EVALUATING   ATMOS   ENERGY’S   CAPITAL   EXPENDITURES   IN**  
14   **CONNECTION WITH ITS ANNUAL ARM FILINGS, AS MR. DIXON**  
15   **SUGGESTS?**

16   A.    No. Regular submission of the DIMP or its outputs (1) would not provide meaningful  
17           insight into capital expenditures, (2) would be technically difficult and cumbersome, and  
18           (3) would be duplicative of existing audits of the DIMP.

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<sup>1</sup> 49 C.F.R. § 192.1007.

1 **Q. PLEASE DISCUSS THE FIRST ISSUE, WHICH IS WHETHER THE DIMP WILL**  
2 **PROVIDE MEANINGFUL INSIGHT INTO THE CAPITAL EXPENDITURES**  
3 **PROCESS. AT A HIGH LEVEL, HOW IS THE DIMP USED IN ATMOS**  
4 **ENERGY'S OPERATIONS?**

5 A. The DIMP assists the Company in identifying threats, evaluating those risks and taking  
6 prioritized actions to address the risks to the safety and integrity of our pipeline system. In  
7 particular, Atmos Energy's DIMP includes measures to address risk applicable to the  
8 threats posed to its system. Measures taken to address the identified risks vary and include  
9 measures unrelated to capital expenditures. For example, for the threat of Excavation  
10 Damage, mitigation may be accomplished through measures such as enhanced public  
11 education surrounding damage prevention, including emphasis on communication with  
12 excavators who cause multiple damages. For other threats, mitigating measures can include  
13 increasing the frequency of leak survey, additional monitoring of cathodic protection,  
14 replacement of facilities, or some combination thereof.

15 **Q. IS THE DIMP THE ONLY PROCESS OR INPUT CONSIDERED IN MAKING**  
16 **DECISIONS ABOUT SYSTEM INTEGRITY?**

17 A. No. When it comes to pipeline safety and integrity, the DIMP works in tandem with other  
18 complementary programs and policies, nineteen of which are listed and described in  
19 Section 6 of the DIMP. These include programs such as the Company's Damage  
20 Prevention Program, Leak Management Program, and Distribution Facility Replacement  
21 Program, all of which work together to minimize risks associated with the threats  
22 identified. These programs are executed pursuant to Atmos Energy's ongoing processes  
23 and procedures in parallel to the DIMP.

1           While the DIMP identifies the geographic areas with the highest relative risk for  
2 Tennessee, that is only a small piece of a much larger puzzle. After receiving this  
3 information, my team reviews the results of the risk assessment and consults with subject  
4 matter experts to select appropriate measures that are mitigating the identified risks in each  
5 of those areas. These measures are generally a part of a complementary program that can  
6 be enhanced or focused more heavily in these areas to further address the identified risks.

7 **Q. WOULD REVIEW OF THE DIMP RESULTS, STANDING ALONE, PROVIDE**  
8 **MEANINGFUL INSIGHT INTO THE EXPLANATIONS OF THE COMPANY'S**  
9 **CAPITAL EXPENDITURE DECISIONS, AS MR. DIXON SUGGESTS?**

10 A. No. Only two of the 19 measures listed in the DIMP are programs that involve significant  
11 capital investment – the Leak Management Program and the Distribution Facility  
12 Replacement Program. And, even as to Leak Management and Distribution Facility  
13 Replacement, the DIM risk assessment results are just one component of a process that  
14 results in capital budgeting, project selection, and project prioritization processes in the  
15 Tennessee system. As such, the DIM results do not provide meaningful insight into the  
16 capital budgeting and project selection processes when examined on their own.

17 **Q. IF THE CAPITAL BUDGETING PROCESS IS NOT, AS MR. DIXON SUGGESTS,**  
18 **DRIVEN PRIMARILY BY THE DIMP, HOW DOES IT WORK?**

19 A. The distribution facility replacement program relies upon a comprehensive process using  
20 both qualitative and quantitative data, in which the DIMP plays a role. In making  
21 distribution facility replacement decisions, the engineering team in Tennessee relies on two  
22 primary resources. The first is a pipe replacement prioritization risk model used for the  
23 Tennessee assets that provides data-driven outputs ranking the segments of the system by

1 relative risk based on data and factors regarding likelihood of failure and consequence of  
2 failure. The second is input from subject matter experts (“SMEs”) within construction,  
3 service, compliance, measurement, corrosion, engineering, and local and state-wide  
4 management. In regional meetings, led by the engineering team, SMEs review the results  
5 of the DIMP’s analytical risk model alongside the pipe replacement prioritization risk  
6 model results and provide input using direct field observations of the Tennessee distribution  
7 system including risk factors such as leak history, legacy materials, antiquated equipment,  
8 non-standard pipe size and wall thickness, vintage pipe joining methods, and the inability  
9 to locate underground facilities. Informed by outputs from the risk models and SME  
10 knowledge, the engineering team develops and maintains a list of potential distribution  
11 facility replacement projects for submittal into the upcoming capital budget.

12 **Q. ONCE THE RISK ASSESSMENT IS COMPLETED, HOW ARE DECISIONS**  
13 **MADE ON WHICH PROJECTS TO UNDERTAKE FOR THE UPCOMING YEAR?**

14 A. At the conclusion of the regional meetings, engineers and project specialists begin  
15 planning, designing, and estimating specific projects from the list of identified projects.  
16 The project workload for each fiscal year is determined by matching the results of the  
17 above-described process with available resources, including project design and  
18 management, contractors, and capital funding. Another important consideration in project  
19 selection is minimizing impact to cities and towns and reducing overall project cost through  
20 coordination with city infrastructure improvement projects such as paving and street  
21 beautifications and water and sewer utility replacements.

22 The project list is continuously reviewed in conjunction with operator-identified  
23 conditions derived from inspections and maintenance activities, as well as industry-

1 identified materials and threats, and adjustments are made as needed based on that  
2 continuous review.

3 **Q. IS THE COMPANY WILLING TO PROVIDE INFORMATION REGARDING**  
4 **THESE PROCESSES AS PART OF THE ARM PROCESS OR OTHERWISE?**

5 A. Yes, of course. Although it has not been requested by the Consumer Advocate in this or  
6 past ARM dockets, Atmos Energy can and does regularly provide information regarding  
7 how the projects in a test year were selected, the risks that those projects eliminated, and  
8 how those projects were executed prudently to both achieve safety and reliability goals and  
9 control costs when requested in discovery in its other jurisdictions.

10 **Q. DOES THAT DISCOVERY INVOLVE A REVIEW OF THE RESULTS OF THE**  
11 **DISTRIBUTION RISK ASSESSMENT MODEL (“DRAM”) OUT OF THE DIMP?**

12 A. No. In most jurisdictions, that discovery involves an explanation of how the distribution  
13 facility replacement projects were selected and the risks mitigated by those projects. The  
14 discovery also often involves a comparison of the amounts budgeted for the projects to the  
15 actual expenditures incurred, with an explanation of any significant variances (e.g., greater  
16 than 10%).

17 **Q. IS ATMOS ENERGY WILLING AND ABLE TO PROVIDE THIS TYPE OF**  
18 **INFORMATION IN THE COURSE OF DISCOVERY IN THE TENNESSEE ARM**  
19 **FILINGS?**

20 A. Absolutely. Atmos Energy welcomes any opportunity to provide additional information  
21 regarding how the projects were selected, the safety and reliability benefits of those  
22 projects, and documentation that the projects were executed prudently.

23 To reiterate, the Company’s opposition to Mr. Dixon’s proposal is not intended to

1 avoid disclosing relevant information about its spending; instead, it is intended to ensure  
2 that relevant information is provided in ways that would be efficient and effective instead  
3 of creating significant additional work that will not meaningfully assist in the analysis.

4 **IV. PRACTICAL DIFFICULTIES WITH THE REQUEST FOR DIMP OUTPUTS**

5 **Q. SPEAKING OF EFFICIENCY AND EFFECTIVENESS, LET'S TURN TO THE**  
6 **SECOND REASON YOU PROVIDED, WHICH RELATES TO THE FORMAT OF**  
7 **THE DIMP OUTPUTS. WHAT KIND OF DATA DOES ATMOS ENERGY HAVE**  
8 **ACCESS TO AS PART OF ITS REVIEW OF THE DIMP?**

9 A. As discussed above, as part of the DIMP, Atmos Energy employs the DRAM model tool,  
10 which operates within the Synergi Pipeline software environment to help identify the  
11 geographic areas within the distribution system that have the highest relative risk. The  
12 outputs from the DRAM model are then exported from Synergi Pipeline post-processed in  
13 Atmos internal environments as a part of Atmos overarching DIMP modeling framework.

14 **Q. ARE THOSE OUTPUTS AVAILABLE IN AN EASILY EXPORTABLE FORMAT**  
15 **THAT COULD BE PROVIDED IN DISCOVERY OR AS PART OF THE**  
16 **COMPANY'S ANNUAL FILING?**

17 A. No. The outputs of the DIMP modeling framework come in many different formats, which  
18 are spread throughout several Atmos internal software programs and environments and  
19 take a variety of forms. They can only be meaningfully reviewed in real time within Atmos  
20 Energy's internal software programs and environments, and it is difficult to provide  
21 documentation showing all the outputs that are created or considered.

1 **Q. ON THAT ISSUE, DID YOU REVIEW EXHIBIT BOD-1 TO MR. DIXON'S**  
2 **TESTIMONY ENTITLED INTEGRITY MANAGEMENT – GROUP CHAIR'S**  
3 **FACTUAL REPORT?**

4 A. Yes.

5 **Q. WERE YOU FAMILIAR WITH THIS REPORT OR THE INCIDENT IT**  
6 **DISCUSSES BEFORE IT WAS RAISED BY CAD IN DISCOVERY?**

7 A. No. As far as I am aware, the system-specific data in the report is unrelated to Atmos  
8 Energy's operations in Tennessee. As stated on p. 5 of the report, it "documents the  
9 preliminary facts, conditions, and circumstances relating to [an event in Atmos Energy's  
10 Mississippi Division in 2024] which pertain to integrity management of the affected  
11 pipeline system." It then describes in detail how Atmos Energy's DIMP works, including  
12 the DRAM, what the results of the DRAM were, and the related actions taken in the  
13 geographic areas in Mississippi relevant to this investigation.

14 **Q. MR. DIXON FOCUSES ON A QUOTE THAT "[ATMOS] TOLD THE NTSB THAT**  
15 **THERE WAS NO FORMAL DOCUMENTATION THAT DESCRIBES HOW THE**  
16 **RELATIVE RISK MODEL (DRAM MODEL, DISCUSSED IN MORE DETAIL**  
17 **BELOW)."** CAN YOU PROVIDE THE ENTIRE PARAGRAPH IN WHICH THAT  
18 **QUOTE APPEARS?**

19 A. Yes. The paragraph on p. 6 of Exhibit BOD-1 states as follows:

20           During this meeting, Atmos personnel discussed the provided information  
21           on their DIMP and answered group member questions. *Atmos also provided*  
22           *data mapping information on factors used and their weighting as they relate*  
23           *to assets and threats.* They told the NTSB that there was no formal  
24           documentation that describes how the relative risk model (DRAM model,  
25           discussed in more detail below) works and were not prepared to run the  
26           model in real-time as requested. *Atmos provided screenshots and*  
27           *explanation of the interface of the DRAM model.* NTSB investigators were

1 told that Atmos' service contractor, DNV GL, hosted the DRAM on their  
2 platform and that DNV performed the computational analysis within the  
3 model with the data sources, factors, and weightings developed by both  
4 Atmos and DNV. After the meeting, *NTSB investigators sought additional*  
5 *information from Atmos and DNV GL. This section documents Atmos's*  
6 *program as described and observed during this meeting and further*  
7 *explained through documentation provided by Atmos and DNV.*

8  
9 (emphasis added.)

10  
11 **Q. DOES IT APPEAR TO YOU FROM READING THIS PARAGRAPH AND THIS**  
12 **ENTIRE REPORT THAT ATMOS ENERGY AND DNV PROVIDED DETAILED**  
13 **DOCUMENTATION TO NTSB REGARDING THE DRAM?**

14 A. Yes. As stated in that same paragraph, the section in which it appears “documents Atmos’s  
15 program as described and observed during this meeting and further explained through  
16 documentation provided by Atmos and DNV.” The report then describes 30 pages of  
17 details on how the DRAM model works. It is evident that Atmos Energy and DNV  
18 provided significant documentation regarding the DIMP and the DRAM.

19 **Q. DOES THIS RELATE TO YOUR POSITION THAT ANNUALLY FILING OF THE**  
20 **DIMP OUTPUTS WOULD BE UNNECESSARILY COMPLICATED?**

21 A. Possibly. As stated above, I was not personally involved in either the event at issue or the  
22 NTSB investigation described in this report. As a result, in discovery, the Company was  
23 unable to determine with certainty what kind of “formal documentation” the NTSB  
24 requested and was told did not exist in the context of this investigation.

25 As this report exemplifies, however, providing outputs of the DRAM can only be  
26 accomplished through repeated meetings, screenshots, and verbal explanations on a  
27 location-by-location basis rather than in an easily exportable form. Mr. Dixon’s suggestion  
28 that such outputs be provided as part of the ARM would require cumbersome and difficult

1 efforts to be undertaken on an annual basis without providing any meaningful input into  
2 the Company's capital expenditure decisions.

3 Therefore, the Company believes that simply providing project specific information  
4 in discovery, as stated above, is a much more efficient and effective way of accomplishing  
5 this goal.

6 **V. EXISTING REGULATORY OVERSIGHT OF THE DIMP**

7 **Q. THAT LEAVES YOUR FINAL REASON FOR MR. DIXON'S PROPOSAL,**  
8 **WHICH RELATES TO ITS DUPLICATIVE NATURE. IS ATMOS ENERGY'S**  
9 **DIMP AUDITED BY PIPELINE SAFETY REGULATORS?**

10 A. Yes. In each state in which Atmos Energy operates, the state pipeline safety regulator audits  
11 Atmos Energy's DIMP on a periodic basis to confirm that it is adequate and compliant with  
12 the requirements of the relevant regulations. In Tennessee, TPUC's Gas Pipeline Safety  
13 Division has conducted numerous such audits, the last of which was in 2023. None of those  
14 audits have found any instances of alleged violations or deficiencies in Atmos Energy's  
15 DIM Plan.

16 **Q. GIVEN THE ALREADY EXISTING AUDIT PROCEDURES, IS ADDITIONAL**  
17 **REVIEW OF THE DIMP IN THE CONTEXT OF THE ARM NECESSARY OR**  
18 **HELPFUL?**

19 A. No. As stated above, the purpose of the DIMP is primarily related to the safety and integrity  
20 of Atmos Energy's systems. The existing audit procedures are adequate to ensure that it is  
21 satisfying that primary need. The DIMP is only tangentially related to rate making, and the  
22 issues which the Consumer Advocate wishes to explore through examination of the DIMP

1 can be provided in a better and more meaningful format through the kind of project-level  
2 discovery discussed above.

3 **VI. DRIVING FACTORS FOR SYSTEM INTEGRITY AND MAINTENANCE**

4 **CAPITAL EXPENDITUES**

5 **Q. AT THE END OF HIS TESTIMONY, MR. DIXON SUGGESTS THAT ACCESS TO**  
6 **THE RESULTS GENERATED BY THE DIMP WOULD PROVIDE INSIGHT INTO**  
7 **THE REASONING FOR ATMOS ENERGY'S SYSTEM INTEGRITY AND**  
8 **MAINTENANCE CAPITAL EXPENDITURES. DO YOU AGREE WITH THAT**  
9 **CLAIM?**

10 A. No, I do not. As stated above, the DIMP outputs are one part of the decision-making process  
11 that goes into deciding which projects are prioritized and performed in a given test year.  
12 The project specific information outlined above is the most direct way to understand those  
13 decisions. The Consumer Advocate, however, has not identified any particular projects or  
14 groups of projects about which it has questions.

15 **Q. COULD YOU PROVIDE AN OVERVIEW OF THE FACTORS DRIVING THIS**  
16 **SPENDING?**

17 A. Yes. At a high level, the Company's focus on system integrity and maintenance is driven  
18 by the overall regulatory framework in which it operates. As more information on potential  
19 industry operational risks and challenges becomes available, both federal and state  
20 regulators and the operators they regulate have expanded and refined the safety  
21 requirements to proactively address industry risks and maintain a safe system for the  
22 present and future. This regulatory framework continues to drive Atmos Energy to take a  
23 proactive approach toward pipeline safety. Consistent with these regulations, we are

1 enhancing safety practices, such as accelerating the timeframe in which we identify and  
2 eliminate leaks, and we are continuously working on plans to improve our operations to  
3 meet our obligation to provide safe and reliable service. Atmos Energy’s approach is not  
4 only to identify and eliminate leaks but to also proactively identify distribution facilities  
5 where the risks of leaks or failure are more prevalent and to then design and implement a  
6 plan to mitigate those risks to further the prevention of escalation, which could lead to the  
7 loss of life or other harm to customers and communities. As a result, Atmos Energy is  
8 continuing on the path of modernizing our infrastructure through accelerated capital  
9 investments in all systems we operate, including Tennessee, to address safety and integrity  
10 issues proactively and remedy issues identified through the risk assessment process.

11 **Q. ARE THERE ANY PARTICULAR REGULATORY DECISIONS THAT HAVE**  
12 **ENCOURAGED OR FACILITATED REPLACEMENT OF HIGHER RELATIVE**  
13 **RISK ASSETS?**

14 A. Yes, there are several. Notably, on December 19, 2011, PHMSA memorialized the critical  
15 importance of replacement in its “Call to Action,” as part of the DOT’s efforts to “continue  
16 to support efforts to accelerate the repair, rehabilitation, and replacement of high-risk  
17 infrastructure in pipeline systems.”<sup>2</sup> Since PHMSA’s 2011 “Call to Action,” federal  
18 guidance and rulemaking have increasingly encouraged accelerated replacement of  
19 higher-risk assets, for example:

- 20 • PHMSA and NTSB advisory bulletins (e.g., on Aldyl A and Driscopipe series<sup>3</sup>)  
21 have highlighted material-specific failure risks, prompting proactive remediation.

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<sup>2</sup> PHMSA Call to Action Letter to National Association of Regulatory Utility Commissioners, Dec. 19, 2011,  
<https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/PHMSA%20111011-002%20NARUC.pdf>.

<sup>3</sup> Pipeline and Hazardous Materials Safety Administration, ADB-2012-03, *available at* [2012-5424.pdf](https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/ADB-2012-03.pdf)

1 Section 114 of the PIPES Act of 2020,<sup>4</sup> including the requirement that “[o]perators  
2 **must also revise their plans to address the replacement or remediation of**  
3 **pipeline facilities that are known to leak based on their material, design, or**  
4 **past operating and maintenance history.”<sup>5</sup>**

- 5 • The PHMSA advisory bulletin ADB-2021-01 directed operators to revise plans to  
6 address known-leak or high-risk facilities.
- 7 • On May 18, 2023, PHMSA published a Notice of Proposed Rule Making  
8 (“NPRM”)<sup>6</sup> proposing stricter leak-detection, repair, reporting, and distribution  
9 integrity requirements. an NPRM in the Federal Register titled “Pipeline Safety:  
10 Gas Pipeline Leak Detection and Repair.”<sup>7</sup>
- 11 • On September 7, 2023, PHMSA published another NPRM entitled “Pipeline  
12 Safety: Distribution Pipelines and Other Pipeline Safety Initiatives,” which  
13 contains a multitude of proposed rules to try to mitigate the risks on higher relative  
14 risk assets.<sup>8</sup>

15 **Q. HOW HAVE THE REGULATORY CHANGES AND CALL TO ACTION**  
16 **IMPACTED THE WAY YOU ADDRESS RISK ON THE SYSTEM?**

- 17 A. The purpose of the shift in pipeline safety regulations was to encourage operators to  
18 anticipate the potential for failures and mitigate or eliminate that risk before a failure  
19 happens. Regulators recognize that a failure of a pipeline or related asset does not merely

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<sup>4</sup> See generally, PIPES Act of 2020, Public Law No. 116-260 (Dec. 27, 2020).

<sup>5</sup> Pipeline and Hazardous Materials Safety Administration, ADB-2021-01, available at <https://public-inspection.federalregister.gov/2021-12155.pdf>.

<sup>6</sup> Notice of Proposed Rulemaking regarding Distribution Integrity Management programs (DIMP) initiated on September 30, 2023, [2023-18585.pdf](https://www.phmsa.dot.gov/regulations/federal-register-documents/2023-09918)

<sup>7</sup> <https://www.phmsa.dot.gov/regulations/federal-register-documents/2023-09918>

<sup>8</sup> <https://www.phmsa.dot.gov/regulations/federal-register-documents/2023-18585>

1 result in inconvenience or interruption of service to customers (although there certainly are  
2 those significant consequences as well. Rather, there are potentially catastrophic  
3 consequences to human life, health, and property, and taking steps to prevent potential  
4 failures well before they are imminent is in the public interest. The changes and Call  
5 to Action have caused Atmos Energy to continue to enhance its approach to pipeline safety  
6 in Tennessee. Atmos Energy's intention is not only to repair identified leaks but also to  
7 proactively identify pipes and related facilities where the risks of leaks or failure are more  
8 prevalent and to then design and implement a plan to mitigate those risks to further the  
9 prevention of failures. As a result, Atmos Energy is investing O&M and capital into our  
10 system at a higher annual rate than we have historically to continue to address safety and  
11 integrity issues identified through the risk assessment process.

12 **Q. DO YOU BELIEVE THE LEVEL OF SPENDING ON "SYSTEM INTEGRITY AND**  
13 **MAINTENANCE" IN THIS TEST YEAR WAS REASONABLE AND PRUDENT?**

14 A. Yes. As explained above, spending in these areas is necessary to both comply with  
15 regulatory compliance and so that the Company can provide safe and reliable natural gas  
16 to its customers.

17 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

18 A. Yes.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

PETITION OF ATMOS ENERGY CORPORATION )  
 FOR APPROVAL OF ITS 2026 ANNUAL RATE ) DOCKET NO. 26-00009  
 REVIEW FILING PURSUANT TO TENN. )  
 CODE ANN. § 65-5-103(d)(6) )

VERIFICATION

STATE OF TEXAS )  
 COUNTY OF DALLAS )

I, Ryan A. Chastain, being first duly sworn, state that I am VP Technical Services for Atmos Energy Corporation's Kentucky-Mid-States Division, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Rebuttal Testimony of Ryan A. Chastain in support of Atmos Energy Corporation's filing is true and correct to the best of my knowledge, information and belief.

*Ryan A. Chastain*

\_\_\_\_\_  
 Ryan A. Chastain

Sworn and subscribed before me this 1<sup>st</sup> day of May, 2026.

*Pamela Pleasant*

\_\_\_\_\_  
 Notary Public

My Commission Expires: JANUARY 24, 2028

