

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR AN ORDER)	
AUTHORIZING THE IMPLEMENTATION OF)	CASE NO.
A \$2,500,000,000 UNIVERSAL SHELF)	2015-00346
REGISTRATION)	

ORDER

On October 21, 2015, Atmos Energy Corporation ("Atmos") submitted its application seeking Commission approval to implement a \$2,500,000,000 universal shelf registration for debt and equity financing. This proposed universal shelf registration will include the unused authority of approximately \$850,000,000 under the universal shelf approved by the Commission in Case No. 2012-00533¹ together with authority for additional issuances of up to approximately \$1,650,000,000 for a total of \$2,500,000,000. Atmos states that three years is the current term of an SEC shelf filing. The universal shelf registration will allow Atmos to offer, from time to time, senior debt securities and/or shares of its common stock, without par value, at prices and terms to be determined at the time of sale. The proposed debt securities and common stock may be issued in one or more series. According to Atmos, the universal shelf registration will provide it with greater flexibility in its financing options.

Atmos further requested a deviation from 807 KAR 5:001, Section 12(1)(a), which requires a utility that had \$5,000,000 or more in gross annual revenue in the immediate past calendar year to file with its application a financial exhibit covering

¹ Case No. 2012-00533, *Application of Atmos Energy Corporation for an Order Authorizing the Implementation of a \$1,750,000,000 Universal Shelf Registration* (Ky. PSC Jan. 9, 2013).

operations for a consecutive 12-month period ending not more than 90 days prior to the date the application is filed.² An Order was issued on November 13, 2015, finding that Atmos had shown good cause to deviate from the requirement. The Commission further ordered that Atmos should file its financial exhibit for the 12-month period ending September 30, 2015, as soon as it becomes available. Atmos filed its updated financial exhibit on November 19, 2015.

Atmos is a Virginia and Texas corporation and is duly qualified under the laws of Kentucky to carry on its business in the Commonwealth of Kentucky. Atmos serves over three million natural gas distribution customers in over 1,400 communities in eight states. Its Kentucky/Mid-States division, one of six operating divisions, provides natural gas service in Kentucky, Tennessee, and Virginia. Atmos's Kentucky unit serves approximately 174,700 customers in central and western Kentucky.³

Atmos states in its application that the net proceeds from the universal shelf registration may be expended for one or more of the following purposes: (1) for the refunding of debt as market conditions permit; (2) for the purchase, acquisition, and/or construction of additional properties and facilities; (3) for improvements to existing facilities; and (4) for general corporate purposes.

Atmos indicated that it cannot currently state exactly what mix of debt financing and equity securities will be utilized, but that its goal is to continue to maintain its debt-to-capitalization ratio within its 50-55 percent target range over the next few years. Updated Exhibit A of the Application reflects that, as of September 30, 2015, the value

² Application, Motion for Deviation.

³ Case No. 2015-00343, *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications* (Ky. PSC submitted Nov. 23, 2015), Application at 3.

of Atmos's shareholders' equity and long-term debt was \$3,194,797,000 and \$2,455,388,000, respectively.⁴ Atmos does not plan to implement the universal shelf registration in a manner that would materially impact its target range. It believes the use of the proposed universal shelf registration will allow it to utilize the most favorable financing option available at a particular time.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the approval of the \$2,500,000,000 universal shelf registration and the associated creation and issuance of related securities is for lawful objects within the corporate purposes of Atmos, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes. Therefore, the universal shelf registration proposed by Atmos should be approved.

Upon the issuance of debt securities, Atmos should notify the Commission of the interest rate alternative selected for the issue. It should explain how the alternative chosen represents the most reasonable interest rate available at the time of issuance. Atmos should also file copies of any interest rate management agreements executed in conjunction with the issuance.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to implement a \$2,500,000,000 universal shelf registration for equity and debt financing, subject to the provisions and terms contained within its application, superseding the previous universal shelf authority granted in Case No. 2012-00533 upon its expiration on March 31, 2016.

⁴ Application, Updated Exhibit A at 5.

2. The proceeds from the transaction authorized herein shall be used only for the lawful purposes set out in the application.

3. For any issuance of securities under the universal shelf registration, Atmos shall include with its monthly financial report to the Commission a supplemental report detailing the terms and conditions of such financing. The supplemental report shall be included with the financial report covering the month of issuance.

4. Atmos shall, within ten days after each issuance of the securities referenced herein, file with the Commission a statement setting forth the date or dates of issuance, the price paid, the interest rate, if any, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance. In addition, if debt securities were issued, Atmos shall include an explanation as to how the interest rate alternative chosen represents the most reasonable interest rate available at the time of issuance, as well as copies of any executed interest rate management agreements.

5. Any documents filed pursuant to ordering paragraph 4 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission

ENTERED
DEC 16 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Stephanie Bell

Executive Director

*Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303

*Erikka L Hise
Attorney
Atmos Energy Corporation
P. O. Box 650205
Dallas, TEXAS 75235-0205

*Randy Hutchinson
Wilson, Hutchinson & Littlepage
611 Frederica Street
Owensboro, KENTUCKY 42301

*Mark A Martin
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303