

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR AN ORDER)	
AUTHORIZING THE ISSUANCE OF UP TO)	CASE NO.
2,000,000 SHARES OF COMMON STOCK)	2016-00447
THROUGH THE ATMOS ENERGY)	
CORPORATION RETIREMENT SAVINGS)	
PLAN)	

ORDER

On December 29, 2016, Atmos Energy Corporation ("Atmos"), through its Kentucky/Mid-States division, submitted its application seeking Commission approval to issue a total of up to 2,000,000 additional shares of no par value common stock. While Atmos is subject to the jurisdiction of the Commission, and the securities to be issued by Atmos are subject to the approval of this Commission, the Kentucky division of Atmos does not have a separate capital structure.¹ Atmos responded to one request for Information from Commission Staff ("Staff"). There are no intervenors in this proceeding, and the case stands submitted on the record.

Atmos proposes to issue 2,000,000 shares of the additional stock through and pursuant to its Retirement Savings Plan and Trust ("RSP") in order to meet the requirements of Sections 401(a) and 501(a) of the Internal Revenue Code of 1986. The Commission most recently authorized the issuance of shares pursuant to the RSP in

¹ Atmos's Kentucky/Mid-States division, one of six operating divisions, provides natural gas service to retail customers in Kentucky, Tennessee, and Virginia.

Case No. 2014-00285.² Under the terms of the RSP, Atmos states that it matches every dollar invested by an employee in the RSP, up to 4 percent of the employee's annual salary. According to Atmos, the RSP strengthens employees' direct interest in the progress and success of the company by giving them an opportunity to become shareholders and provides them with a systematic means of providing additional security for retirement. Atmos further states that the issuance of the shares is necessary for the routine operation of the RSP and will provide additional sources of capital to fund capital expenditures, reduce debt, and improve Atmos's capitalization ratios. Atmos also contends that the share issuance will preserve its credit ratings, strengthening its position as a financially sound public utility and lowering its cost of capital. In response to Staff's request for information, Atmos estimated the increase in equity generated by the proposed issuance using the September 30, 2016 closing price of \$74.47 would be \$148,940,000.³

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the approval of the issuance of 2,000,000 shares of common stock through Atmos's RSP is for lawful objects within its corporate purposes; 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 reasonable, necessary, and appropriate for such purposes. Therefore, the common stock issuance as proposed by Atmos should be approved.

² Case No. 2014-00285, *Application of Atmos Energy Corporation for an Order Authorizing the Issuance of Up to 2,000,000 Shares of Common Stock Through the Atmos Energy Corporation Retirement Savings Plan*, (Ky. PSC Oct. 2, 2014).

³ This is an example, as shares are issued over time, not all at once, and the price of the common stock is reflective of the prevailing market price at the time the new common stock is issued. Response to Staff's Initial Request for Information, Item 2.

IT IS THEREFORE ORDERED that:

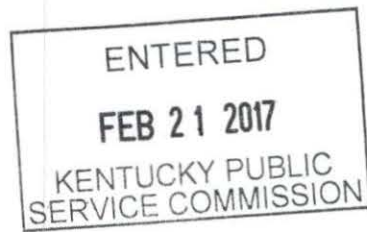
1. Atmos is authorized to issue up to 2,000,000 shares of common stock through its RSP, subject to the provisions and terms contained within its application.

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

3. From the date of this Order, Atmos shall semiannually file, as a supplement to its monthly financial report to the Commission, a statement setting forth the number of shares issued through its RSP and the associated increase to equity.

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

By the Commission



ATTEST:


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