

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.
\$3,000,000,000 UNIVERSAL SHELF)	2018-00280
REGISTRATION)	

ORDER

On August 21, 2018, Atmos Energy Corporation (Atmos) submitted its application seeking Commission approval to implement a \$3,000,000,000 universal shelf registration for senior debt and equity securities. This proposed universal shelf registration will not include any unused universal shelf approved by the Commission in Case No. 2015-00346.¹ Atmos states that three years is the current term of a Securities and Exchange Commission (SEC) shelf filing. The universal shelf registration will allow Atmos to offer, from time to time, senior debt securities 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 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 3 million natural gas distribution customers, in over 1,400 communities, in 8 states. Its Kentucky/Mid-States division, one of six operating divisions, provides natural gas service

¹ 2015-00346, *Application of Atmos Energy Corporation for an Order Authorizing the Implementation of \$2,500,000,000 Universal Shelf Registration* (Ky. PSC Dec. 16, 2015).

in Kentucky, Tennessee, and Virginia. Atmos's Kentucky unit serves approximately 175,994 customers in central and western Kentucky.²

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, 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 historic debt-to-capitalization ratio, to allow the company the flexibility to utilize the most favorable financing options available, the historic debt-to-capitalization ratio will vary from time to time. Exhibit A of the Application reflects that, as of June 30, 2018, the value of Atmos shareholders' equity and long-term debt was \$4,759,552,000 and \$2,618,315,000, respectively.³ 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.

Atmos in the current application requests that the Commission terminate the remaining universal shelf registration authority approved in Case No. 2015-00346 upon the registration of the universal shelf registration that is the subject of the current application.

² *Annual Report of Atmos Energy Corporation to the Kentucky Public Service Commission for the Year Ended December 31, 2017* at 5.

³ Application, Exhibit A at 5.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that the approval of the \$3,000,000,000 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 these securities, Atmos should notify the Commission of the interest rate alternative selected for the issue. It should explain how the chosen alternative 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.

The request by Atmos regarding the termination of the universal shelf registration authority that was approved by the Commission in Case No. 2015-00346 should be granted.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to implement a \$3,000,000,000 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. 2015-00346.

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

3. 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.

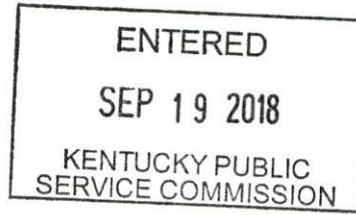
4. Any documents filed pursuant to ordering paragraph 3 of this Order shall reference the number of this case and shall be retained in the post-case correspondence file.

5. The remaining universal shelf registration authority granted to Atmos in Case No. 2015-00346 shall be terminated with the registration of the universal shelf registration that has been approved in this case.

6. This case is closed and removed from the Commission's Docket.

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



ATTEST:


Executive Director

*Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

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

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