



November 21, 2022

Ms. Linda C. Bridwell  
Executive Director  
Kentucky Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

RE: Atmos Energy Corporation

Case No. 2021-00193

Dear Ms. Bridwell:

Pursuant to the Order of the Kentucky Public Service Commission entered into on May 26, 2021, enclosed is the report of action for Atmos Energy Corporation. The report, in accordance with the above referenced case, relates to the issuance of senior debt and equity securities pursuant to the \$5,000,000,000 universal shelf registration.

Also being filed is a confidential petition for Exhibit B, which provides details of the terms and conditions of the debt issuance.

If you have any questions or need further assistance, please contact me at 972-855-4031. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in blue ink that reads "Jason Schneider".

Jason Schneider  
Assistant Treasurer

**COMMONWEALTH OF KENTUCKY**  
**CASE NO: 2021-00193**

**REPORT OF ACTION**  
**Prepared November 21, 2022**

Reference is made to the order entered into on May 26, 2021, which requires the Company to make a report to the Commission within ten days after filing its 10Q or 10K filing with the SEC regarding the issuance of securities under the \$5,000,000,000 universal shelf registration.

**Atmos Energy Corporation hereby reports:**

**Atmos Energy Corporation At-The-Market (ATM) Equity Distribution Agreement**

On March 23, 2022, Atmos Energy Corporation (“Atmos Energy”) entered into an equity distribution agreement (the “Equity Distribution Agreement”) with the Managers (the “Managers”) and Forward Purchasers (the “Forward Purchasers”) named in Schedule A thereto and with respect to the offering and sale from time to time through the Managers, as Atmos Energy’s sales agents, of shares of Atmos Energy’s common stock, no par value, having an aggregate offering price of up to \$1,000,000,000 through June 29, 2024 (including shares of common stock that may be sold pursuant to the forward sale agreements described below, the “Shares”). This ATM equity sales program replaced our previous ATM equity sales program, filed on June 29, 2021, which was exhausted during our second fiscal quarter. Sales of the Shares, if any, will be made by means of ordinary brokers’ transactions through the facilities of the New York Stock Exchange at market prices, in block transactions or as otherwise agreed between Atmos Energy and the Managers. Under the terms of the Agreement, Atmos Energy may also sell Shares from time to time to a Manager as principal for its own account at a price to be agreed upon at the time of sale. The Agreement provides that each Manager, when it is acting as Atmos Energy’s sales agent, will be entitled to a commission of 1.00% of the gross offering proceeds of the Shares sold through such Manager. Atmos Energy has no obligation to offer or sell any Shares under the Agreement, and may at any time suspend offers and sales under the Agreement.

The Equity Distribution Agreement provides that, in addition to the issuance and sale of shares by Atmos Energy to or through the Managers, Atmos Energy may enter into forward sale agreements under the master forward sale confirmations (the “Master Forward Sale Confirmations”) dated March 23, 2022 between Atmos Energy and each Forward Purchaser and the related supplemental confirmations to be entered into between Atmos Energy and the relevant Forward Purchaser. In connection with each such forward sale agreement, the relevant Forward Purchaser will, at Atmos Energy’s request, borrow from third parties and, through the relevant Manager, sell a number of Shares equal to the number of Shares underlying the particular forward sale agreement to hedge the forward sale agreement (each such Manager, when acting as agent for a Forward Purchaser, a “Forward Seller”).

Atmos Energy will not initially receive any proceeds from the sale of borrowed shares of Atmos Energy’s common stock by a Forward Seller. Atmos Energy expects to receive proceeds from the sale of Shares by a Forward Seller upon future physical settlement of the relevant forward sale agreement with the relevant Forward Purchaser on dates specified by Atmos Energy on or prior to the maturity date of the relevant forward sale agreement. If Atmos Energy elects to cash settle or net share settle a forward sale agreement, Atmos Energy may not (in the case of cash settlement) or will not (in the case of net share settlement) receive any proceeds, and Atmos Energy may owe cash (in the case of cash settlement) or shares of common stock (in the case

of net share settlement) to the relevant Forward Purchaser. In connection with each forward sale agreement, the relevant Forward Seller will receive, in the form of a reduced initial forward sale price payable by the relevant Forward Purchaser under its forward sale agreement, a commission of 1.00% of the volume weighted average of the sales prices of all borrowed shares of common stock sold during the applicable period by it as a Forward Seller.

During the year ended September 30, 2022, Atmos Energy executed forward sales under our ATM equity sales programs with various forward sellers who borrowed and sold 11,862,319 shares of our common stock at an aggregate price of \$1.3 billion. During the year ended September 30, 2022, we also settled forward sale agreements with respect to 7,907,883 shares that had been borrowed and sold by various forward sellers under the ATM program for net proceeds of \$776.8 million. As of September 30, 2022, \$481.7 million of equity was available for issuance under our existing ATM program. Additionally, we had \$776.6 million in available proceeds from outstanding forward sale agreements. Atmos Energy intends to use the net proceeds received upon the issuance and sale of shares of Common Stock to fund capital spending primarily to enhance the safety and reliability of our system and for general corporate purposes.

#### **Atmos Energy Corporation 5.450% Senior Notes due 2052 and 5.750% Senior Notes due 2052**

On September 27, 2022 Atmos Energy Corporation (“Atmos Energy”) entered into an underwriting agreement (the “Underwriting Agreement”) with Mizuho Securities USA LLC, TD Securities (USA) LLC and U.S. Bancorp Investments, Inc., as representatives of the several underwriters, with respect to the offering and sale in an underwritten public offering (the “Offering”) by Atmos Energy of \$300 million aggregate principal amount of its 5.450% Senior Notes due 2032 (the “2032 Notes”) and \$500 million aggregate principal amount of its 5.750% Senior Notes due 2052 (the “2052 Notes” and, together with the 2032 Notes, the “Notes”). The Offering has been registered under the Securities Act of 1933, as amended (the “Securities Act”), pursuant to a registration statement on Form S-3 (Registration No. 333-257504) of Atmos Energy (the “Registration Statement”) and the prospectus supplement dated September 27, 2022, which was filed with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act on September 29, 2022. On October 3, 2022, Atmos Energy Corporation (“Atmos Energy”) completed a public offering of \$300 million aggregate principal amount of its 5.450% Senior Notes due 2032 (the “2032 Notes”) with an effective interest rate of 5.570%, after giving effect to the estimated offering costs, and \$500 million aggregate principal amount of its 5.750% Senior Notes due 2052 (the “2052 Notes” and, together with the 2032 Notes, the “Notes”) with an effective interest rate of 4.504%, after giving effect to the estimated offering costs and settlement of our interest rate swaps. Atmos Energy received net proceeds from the offering, after the underwriting discount and estimated offering expenses payable by it, of approximately \$789.4 million which were used for general corporate purposes. Atmos Energy also received \$197.1 million from the settlement of forward starting interest rate swaps associated with the \$500 million offering.

The Notes were issued pursuant to an indenture dated as of March 26, 2009 (the “Base Indenture”) between Atmos Energy and U.S. Bank National Association, as trustee (the “Trustee”), and an officers’ certificate delivered to the Trustee pursuant to Section 301 of the Base Indenture (the “Officers’ Certificate,” and the Base Indenture, as modified by the Officers’ Certificate, is referred to herein as the “Indenture”). Each series of Notes is represented by a global security executed by Atmos Energy on October 3, 2022 (together, the “Global Securities”). The Notes are unsecured senior obligations that rank equally in right of payment with all of Atmos Energy’s other existing and future unsubordinated debt. The 2032 Notes bear interest at an annual rate of 5.450%, payable by Atmos Energy on April 15 and October 15 of

each year, beginning on April 15, 2023, and mature on October 15, 2032. The 2052 Notes bear interest at an annual rate of 5.750%, payable by Atmos Energy on April 15 and October 15 of each year, beginning on April 15, 2023, and mature on October 15, 2052.

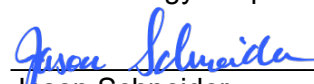
<b><u>Underwriters</u></b>	<b><u>Principal Amount of the 2032 Notes</u></b>	<b><u>Principal Amount of the 2052 Notes</u></b>
Mizuho Securities USA LLC	\$51,750,000.00	\$86,250,000.00
TD Securities (USA) LLC	\$51,750,000.00	\$86,250,000.00
U.S. Bancorp Investments, Inc.	\$51,750,000.00	\$86,250,000.00
Credit Agricole Securities (USA) Inc.	\$27,000,000.00	\$45,000,000.00
J.P. Morgan Securities LLC	\$27,000,000.00	\$45,000,000.00
MUFG Securities Americas Inc.	\$27,000,000.00	\$45,000,000.00
Truist Securities, Inc.	\$27,000,000.00	\$45,000,000.00
Regions Securities LLC	\$18,750,000.00	\$31,250,000.00
BOK Financial Securities, Inc.	\$9,000,000.00	\$15,000,000.00
Fifth Third Securities, Inc.	\$9,000,000.00	\$15,000,000.00
	<b><u>\$300,000,000.00</u></b>	<b><u>\$500,000,000.00</u></b>

The offering was originally planned for September 19, 2022, however, Atmos Energy stood down, along with all other potential issuers, primarily as worries about the economy and upcoming actions by the Fed drove significant volatility and uncertainty in the market. Atmos Energy continued to stay in close contact with its banking partners and elected to stand down each of the next 5 trading sessions while looking for a little stability in the market. On September 27th, 2022, with a more stable technical backdrop (interest rates, equity futures and indicative spreads), Atmos Energy moved forward with the offering. The early morning bookbuild began slow and steady but was fully subscribed an hour into announcing the transaction with a slight skew to the 2032 Notes. The book picked up momentum late in the morning, with large buy and hold investors placing orders. At the peak of the bookbuild, there were 8 orders of \$100 million or larger and 12 of which were \$75 million or larger. With a 6.0x oversubscribed book for the 2032 Notes and a 3.2x oversubscribed book for the 2052 Notes, a straight-to-launch strategy at T+152 for the 2032 Notes and T+195 for the 2052 Notes was pursued to expedite pricing and mitigate further Treasury risk.

### **\$5B Shelf Registration**

On June 29, 2021, we filed a shelf registration statement with the Securities and Exchange Commission (SEC) that allows us to issue up to \$5.0 billion in common stock and/or debt securities, which expires June 29, 2024. At September 30, 2022, approximately \$2.2 billion of securities remained available for issuance under the shelf registration statement. Following the completion of the \$800 million senior unsecured notes offering on October 3, 2022, approximately \$1.4 billion of securities remained available for issuance under the shelf registration statement. Copies of the interest rate management agreements along with a list of estimated fees and expenses related to the debt offering are shown in the attachments labeled Exhibit A and Exhibit B. Please refer to the SEC website for confirmed copies of the registration statement and prospectus supplements to complete our filing requirements.

Atmos Energy Corporation



Jason Schneider  
Assistant Treasurer

**Atmos Energy Corporation**  
**October 2022 Debt Offering Summary - Estimate**

**Offering in October 2022:**

\$500,000,000 Senior Notes, 5.750%; due October 2052; offered at 99.586%

Less: Original Issue Discount

Less: Underwriting discount at 0.875%

Net Proceeds before legal, accounting and other offering costs

\$	500,000,000
	2,070,000
	4,375,000
	<u>4,375,000</u>
\$	493,555,000

Less: Expenses (to be capitalized; amortized over life of debt)

Attorneys Fees

130,000 ①

Accounting Fees

31,250 ①

SEC Filing Fee

58,200 ①

Printing & Postage Expenses (Donnelley)

25,000 ①

Trustee fees

10,500 ①

Rating agency fees

649,038 ①

Misc

86,500 ①

Net Proceeds

\$ 492,564,512

Shelf Registration Costs (related to offering)

-

Net Proceeds Less Shelf Registration Costs

\$ 492,564,512

Σ ① =

990,488 Total Expenses

4,375,000 Underwriting Discount

5,365,488 Total fees and underwriting discount

**Underwriters**

Mizuho Securities USA LLC

TD Securities (USA) LLC

U.S. Bancorp Investments, Inc.

Credit Agricole Securities (USA) Inc.

J.P. Morgan Securities LLC

MUFG Securities Americas Inc.

Truist Securities, Inc.

Regions Securities LLC

BOK Financial Securities, Inc.

Fifth Third Securities, Inc.

**Total**

Principal Amount of the 2052 Notes	
\$	86,250,000
\$	86,250,000
\$	86,250,000
\$	45,000,000
\$	45,000,000
\$	45,000,000
\$	45,000,000
\$	31,250,000
\$	15,000,000
\$	15,000,000
\$	<u>500,000,000</u>

**Atmos Energy Corporation**  
**October 2022 Debt Offering Summary - Estimate**

**Offering in October 2022:**

\$300,000,000 Senior Notes, 5.450%; due October 2032; offered at 99.776%

Less: Original Issue Discount

Less: Underwriting discount at 0.650%

Net Proceeds before legal, accounting and other offering costs

\$	300,000,000
	672,000
	1,950,000
	<u>1,950,000</u>
\$	297,378,000

Less: Expenses (to be capitalized; amortized over life of debt)

Attorneys Fees

77,500 ①

Accounting Fees

18,750 ①

SEC Filing Fee

35,000 ①

Printing & Postage Expenses (Donnelley)

15,000 ①

Trustee fees

6,300 ①

Rating agency fees

389,423 ①

Misc

48,500 ①

Net Proceeds

\$ 296,787,527

Shelf Registration Costs (related to offering)

-

Net Proceeds Less Shelf Registration Costs

\$ 296,787,527

Σ ① =	590,473	Total Expenses
	1,950,000	Underwriting Discount
	<u>2,540,473</u>	Total fees and underwriting discount

**Underwriters**

Mizuho Securities USA LLC

TD Securities (USA) LLC

U.S. Bancorp Investments, Inc.

Credit Agricole Securities (USA) Inc.

J.P. Morgan Securities LLC

MUFG Securities Americas Inc.

Truist Securities, Inc.

Regions Securities LLC

BOK Financial Securities, Inc.

Fifth Third Securities, Inc.

**Total**

Principal Amount of the 2032 Notes	
\$	51,750,000
\$	51,750,000
\$	51,750,000
\$	27,000,000
\$	27,000,000
\$	27,000,000
\$	27,000,000
\$	18,750,000
\$	9,000,000
\$	9,000,000
<u>\$</u>	<u>300,000,000</u>