

February 14, 2025

***Via Electronic Filing***

Ms. Linda C. Bridwell, P.E.  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: *Electronic Application of Atmos Energy Corporation for an Order Authorizing the Issuance of up to 2,000,000 Shares of Common Stock Through its Long-Term Incentive Plan* Case No. 2024-00392

Dear Ms. Bridwell:

Enclosed, please find for filing, Atmos Energy Corporation's responses to Commission Staff's First Request for Information and Motion for Confidential Treatment in the above styled case.

This is to certify that the electronic filing has been transmitted to the Commission on February 14, 2025 and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085 no paper copies of this filing will be made.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,



Meredith L. Cave

**BEFORE THE PUBLIC SERVICE COMMISSION**

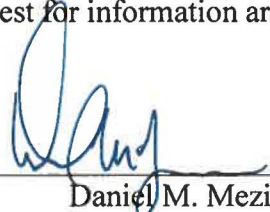
**COMMONWEALTH OF KENTUCKY**

**ELECTRONIC APPLICATION OF ATMOS )  
ENERGY CORPORATION FOR AN ORDER )  
AUTHORIZING THE ISSUANCE OF UP TO )  
2,000,000 SHARES OF COMMON STOCK )  
THROUGH ITS LONG-TERM INCENTIVE PLAN )**

**Case No. 2024-00392**

**CERTIFICATE AND AFFIDAVIT**

The Affiant, Daniel M. Meziere, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.



\_\_\_\_\_  
Daniel M. Meziere

STATE OF TEXAS  
COUNTY OF DALLAS

SUBSCRIBED AND SWORN to before me by Daniel M. Meziere on this the \_\_\_\_ day of February, 2025.

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

My Commission Expires: \_\_\_\_\_

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-01**  
**Page 1 of 1**

**REQUEST:**

Provide a copy of Atmos's current Long-Term Incentive Plan (LTIP).

**RESPONSE:**

See confidential Attachment 1.

**ATTACHMENT:**

Staff\_1-01\_Att1 - 1998 Long-Term Incentive Plan (CONFIDENTIAL).pdf

Respondent: Daniel Meziere

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-02**  
**Page 1 of 1**

**REQUEST:**

Identify, by job title or category, all directors, executives, employees, or other persons eligible to receive compensation or benefits through the LTIP, and similarly identify all directors, executives, and employees by job title or category that are not eligible.

**RESPONSE:**

See Attachment 1. Any Employee (as defined in Article 4, Eligibility of the LTIP included as Attachment 1 to Staff 1-01), including an Employee who is also a director or an officer, and any Non-employee Director is eligible to participate in the Plan.

**ATTACHMENT:**

Staff\_1-02\_Att1 - FY 2025 Long Term Incentive Plan Grants (02-2025).xlsx

Respondent: Daniel Meziere

1998 Long-Term Incentive Plan  
2025 Recommended Long-Term Incentive Grants  
(Sorted by Grade, Alpha)

CASE NO. 2024-00392  
ATTACHMENT 1  
TO STAFF DR 1-02

Job Name
Assistant Corporate Secretary
Associate General Counsel
Asst Treasurer
Attorney
Attorney - Regulatory
Business Analysis Mgr
Dir Acct Svcs & Fin Rptg
Dir Asset Integrity & Reporting
Dir Asset Management
Dir Benefits
Dir Billing Operations
Dir Billing Services
Dir Busi Planning & Analysis
Dir Business Devel & Electric Gen Trans
Dir Communications
Dir Compensation & HRMS
Dir Compliance & Talent Acquisition
Dir CSO HR
Dir Customer Contact Center
Dir Customer Service Systems
Dir Cybersecurity
Dir Dispatch
Dir E&O Corporate Systems
Dir EE & Org Development and Culture
Dir Employee Relations & ShSr HR
Dir Engineering
Dir Engineering & Compliance
Dir Enterprise Architecture
Dir Enterprise Integrity Management
Dir Enterprise Systems & Integrity
Dir Environmental Practices
Dir Facilities Management
Dir Gas and Pipeline Accounting
Dir Gas Control
Dir Gas Supply Planning & Contract Admin
Dir Income Tax
Dir Industrial Marketing
Dir Integrity Management
Dir IT Engineering & Operations
Dir Marketing
Dir Marketing Services
Dir Non-Utility Gas Supply
Dir Operations
Dir Operations Support
Dir Operations Support
Dir Pipeline & Industrial Contract Admin
Dir Pipeline Marketing
Dir Pipeline Safety Management
Dir Quality Assurance
Dir Rates & Reg Affairs
Dir Regulatory & Compliance
Dir Safety & Damage Prevention
Dir Security & Risk Management
Dir Stakeholder Engagement & Strategy
Dir State & Local Tax
Dir Storage & Compression Engineering
Dir Storage & Compression Operations
Dir Strategic Planning and Analysis
Dir Supply Chain Management
Dir Systems & Data Support
Dir TBS System Support
Dir Technical Control Systems

1998 Long-Term Incentive Plan  
2025 Recommended Long-Term Incentive Grants  
(Sorted by Grade, Alpha)

Job Name
Dir Technical Training
Dir. Gas Supply & Services
Dir. Rates & Reg Affairs
Financial Services Initiative Mgr
Mgr Accounting Services
Mgr Applications Dev/Support
Mgr BPCM
Mgr Daily Pipeline Marketing
Mgr Distribution Gas Accounting
Mgr Electric Generation Mktg
Mgr Financial Reporting Sys
Mgr Gas Scheduling
Mgr Gas Supply and Analytics
Mgr Non-Utility Gas Supply
Mgr Rates&Regulatory Affairs
Mgr Regional Gas Supply
Mgr Solutions Delivery
Mgr Technical Control Systems
Mgr US GAAP Fin Rept
Pipeline Business Dev Manager
President
President & CEO
Sr Advisor
Sr VP & CFO
Sr VP General Counsel & Corporate Secretary
Sr VP Human Resources
Sr VP Utility Operations
Sr. Attorney
Stakeholder Communications Mgr
V.P. & Chief Info Officer
V.P. & Controller
V.P. Compliance and Regulatory Reporting
V.P. Customer Service
V.P. Finance
V.P. Finance & Rates
V.P. Financial Services
V.P. Governmental & Pub Affairs
V.P. Human Resources
V.P. Investor Relations & Treasurer
V.P. Marketing
V.P. Operating Systems
V.P. Operations
V.P. Pipeline Integrity Management & Compliance
V.P. Pipeline Marketing & Administration
V.P. Pipeline Safety
V.P. Public Affairs
V.P. Rates & Reg Affairs
V.P. Storage & Compression
V.P. Strategic Planning
V.P. Tax
V.P. Technical Services
V.P. Technical Services
V.P. Workforce Development

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-03**  
**Page 1 of 1**

**REQUEST:**

Identify those portions of Atmos's LTIP that identify the circumstances under which directors, executives, and employees are eligible to receive compensation or benefits through the LTIP and the criteria considered to determine whether such compensation or benefits are offered.

**RESPONSE:**

See the response to Staff 1-01. As noted in Article 4, Eligibility, the Human Resources Committee of the Board, upon its own action, may grant, but will not be required to grant, an Award to any Employee or any Non-employee Director. Awards may be granted by the Committee at any time and from time to time to new Participants, or to then Participants, or to a greater or lesser number of Participants, and may include or exclude previous Participants, as the Committee will determine.

Respondent: Daniel Meziere

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-04**  
**Page 1 of 1**

**REQUEST:**

State whether there are circumstances or criteria considered to determine whether a director, executive, or employee may receive compensation or benefits through the LTIP that are not identified in the written LTIP, and if so, describe all such circumstances or criteria.

**RESPONSE:**

The Human Resource Committee of the Board of Directors has sole discretion to determine to whom awards will be granted, as well as all terms, conditions, performance criteria and restrictions applicable to each award. Since the LTIP was approved in February 1999, only Atmos Energy's officers and other key employees (approximately 190 employees during fiscal 2024) as well as non-employee directors have participated in the LTIP.

Respondent: Daniel Meziere



**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-05**  
**Page 1 of 1**

**REQUEST:**

Explain how the LTIP was developed and whether the LTIP has been reviewed by any third-party incentive compensation specialist. If the LTIP has been reviewed by any third-party incentive compensation specialist, provide a copy of any report or similar document providing the results or recommendations arising from the most recent review.

**RESPONSE:**

The LTIP was developed to motivate all Atmos Energy employee participants using performance-related incentives linked to longer range performance goals and share price movement, thus, directly aligning such participants with the interests of Atmos Energy's shareholders. It is not a state or division specific plan. These incentives and long-range performance goals have increased and should continue to increase the interests of employees in Atmos Energy's overall performance and encourage such persons to continue their services for Atmos Energy. The Board of Directors originally adopted the LTIP in August 1998, and Atmos Energy's shareholders approved the plan in February 1999. Atmos Energy's shareholders also approved amendments to the LTIP in February 2002, February 2007, February 2011, February 2016, and February 2021 primarily to increase the total number of shares available for issuance under the plan and extend the term of the plan.

Atmos Energy engaged Meridian Compensation Partners to conduct an independent market compensation study which establishes that Atmos Energy's compensation program is consistent with the programs used by a majority of investor-owned utilities and publicly-traded general industry companies in the marketplace. Specifically, Atmos Energy's mix of pay very closely aligns (within several percentage points) with the market average.

Atmos Energy also engaged ISS Corporate Services to model the share usage under the LTIP. See confidential Attachment 1 for the ISS Corporate Services report.

**ATTACHMENT:**

Staff\_1-05\_Att1 - ISS Corporate Equity Plan Scorecard Modeling Report (CONFIDENTIAL).pdf

Respondent: Daniel Meziere

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-06**  
**Page 1 of 1**

**REQUEST:**

State whether Atmos anticipates realizing any capital from the issuance of up to 2,000,000 shares under the LTIP, and if so, state the amount Atmos expects to realize and describe how the proceeds from the sales will be used.

**RESPONSE:**

Atmos Energy does not anticipate realizing any capital from the issuance of up to 2,000,000 shares under the LTIP.

Respondent: Daniel Meziere

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-07**  
**Page 1 of 1**

**REQUEST:**

Provide a detailed explanation of how Atmos accounts for the cost of shares issued pursuant to the LTIP and provided to employees without charge or at a discount, including a discussion of the expense and capital effects and the debits and credits Atmos would expect to record and the accounts in which they would be recorded.

**RESPONSE:**

At the time of the grant of an award under the LTIP, there is generally no accounting impact. Atmos Energy determines total stock compensation expense based on the market value of the stock awards at the time of grant, and the expense is recorded ratably over the applicable vesting period of each award. The Company also records additional paid-in capital over the vesting period. If a participant reaches retirement age prior to the vesting of the stock award, the stock compensation expense for the award is recorded in full at that time. Please also note that a portion of the stock compensation is capitalized through the overhead capitalization process on a ratable basis over the vesting period. Once the award has vested and shares of Atmos Energy stock have been issued, additional paid-in capital is reduced in order to record the stated value of the common stock (no net impact on shareholders' equity). The debits and credits are shown below:

- Grant of LTIP award – no entry
- Throughout vesting period of LTIP award –
  - Debit – stock compensation expense
  - Credit – additional paid-in capital
- As stock compensation expense is incurred –
  - Debit – property, plant and equipment
  - Credit – stock compensation expense
- Issuance of common stock
  - Debit – additional paid-in capital
  - Credit – common stock (at stated value)

Respondent: Daniel Meziere

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-08**  
**Page 1 of 1**

**REQUEST:**

State whether Atmos uses shares issued pursuant to a universal shelf registration, such as that authorized in Case No. 2024-00313,<sup>2</sup> to compensate or offer benefits to employees pursuant to the LTIP or a similar plan, and if so, explain how the treatment of the shares for which approval is requested herein would differ from the treatment of shares authorized pursuant to Case No. 2024-00313.

**RESPONSE:**

No. Atmos Energy does not use shares issued pursuant to the universal shelf registration statement (SEC Form S-3) as authorized in Case No. 2024-00313 to compensate or offer benefits to employees pursuant to the LTIP. All shares issued to employees or directors under the LTIP come only from shares under the universal shelf registration statement (SEC Form S-8) specific to the LTIP.

Respondent: Daniel Meziere

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<sup>2</sup> Case No. 2024-00313, Electronic Application of Atmos Energy Corporation for an Order Authorizing the Implementation of a \$8,000,000,000 Universal Shelf Registration (Ky. PSC Nov. 26, 2024), Order.

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-09**  
**Page 1 of 1**

**REQUEST:**

Provide the expected effect, if any, of the issuance of all of the stock for which approval is requested herein on Atmos's capital structure and explain each basis for Atmos's response.

**RESPONSE:**

The issuance of the common stock for which approval is requested would result in an increase in the number of shares outstanding and, correspondingly, an increase in the balance of Shareholders' Equity (Common Stock and Additional Paid-in Capital). Due to the nature and number of the awards, as well as the extended time period during which these awards will be granted, the dollar impact to Shareholders' Equity is not readily determinable but would be immaterial given that the Company currently has approximately 159 million shares outstanding and issues only approximately 200,000 shares per year pursuant to the LTIP program.

Respondent: Daniel Meziere

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-10**  
**Page 1 of 1**

**REQUEST:**

Identify the number of shares of stock Atmos expects to issue in each of the next five years pursuant to the authorization requested herein, and state whether there are any limits on the number of shares Atmos will issue in a given year.

**RESPONSE:**

There are no limits on the number of shares Atmos Energy will issue in a given year. However, over the last 3 fiscal years, we have issued 220,558 shares, 254,917 shares and 197,260 shares. Based on the maximum issuance over the last 3 fiscal years (254,917 shares), the Company believes the 2,000,000 additional shares would last approximately 7-8 years, which is the same amount of time since the Company asked for approval for its last increase in shares.

Respondent: Daniel Meziere

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-11**  
**Page 1 of 2**

**REQUEST:**

Refer to Case No. 2015-00379<sup>3</sup> in which Atmos was authorized to issue 2,500,000 shares of common stock through its LTIP.

- a. State how many shares Atmos issued as a result of that authorization, and if any shares have not been issued, explain whether Atmos expects to issue them.
- b. Provide a breakdown of the number of shares issued by year and by type of award (e.g. the provision or provisions of the LTIP under which employees received or exercised an option to purchase the stock).
- c. Explain the effect of the issuance of common stock authorized in Case No. 2015-00379 on Atmos's capital structure.
- d. Provide a comparison of Atmos's current capital structure as compared to what Atmos's capital structure would have been if the common stock authorized in Case No. 2015-00379 had not been issued.
- e. Explain whether the issuance of the common stock pursuant to the LTIP resulted in expenses that were passed on to ratepayers.

**RESPONSE:**

- a. 2,405,898 shares have been granted since that authorization. As of February 10, 2025, Atmos has 237,238 shares remaining and available for future issuance under the LTIP.
- b. See Attachment 1.
- c. Each issuance of common stock authorized in Case No. 2015-00379 results in additional shares outstanding and, correspondingly, an increase in the balance of Shareholders' Equity (Common Stock and Additional Paid-in Capital).
- d. See the response to Staff 1-09.
- e. The stock compensation expense resulting from the portion of these issuances that are tied to financial performance metrics was excluded from cost of service by the Order in Case No. 2013-00148 and has been removed from the revenue requirement filed by the Company in every case since Case No. 2015-00343, including the current rate case 2024-00276. The portion of stock compensation expense related to time-lapse shares is recovered from customers at a level established during the test period being reviewed at the time of the case.

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<sup>3</sup> Case No. 2015-00379, Application of Atmos Energy Corporation for an Order Authorizing the Issuance of Up to 2,500,000 Shares of Common Stock Through Its Long-Term Incentive Plan (Ky. PSC Jan. 12, 2016), Order at 2.

**Case No. 2024-00392**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff DR Set No. 1**  
**Question No. 1-11**  
**Page 2 of 2**

ATTACHMENT:

Staff\_1-11\_Att1 - Award Grants by Year and Type.pdf

Respondent: Daniel Meziere



Award Grants by Year and Type  
Restricted Stock Units (RSU)

	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>Total</b>
Time-lapse RSUs	96,890	67,755	81,430	78,380	66,370	69,285	47,380	64,355	33,910	40,910	646,665
Performance-based RSUs	182,581	116,342	110,879	113,987	74,707	98,623	68,454	127,206	143,633	99,469	1,135,881
Management Incentive Plan RSUs	-	52,612	48,891	40,727	34,147	33,419	42,387	32,562	27,091	26,681	338,517
Non-employee Director Stock Units	4,558	45,423	42,426	29,156	25,979	33,265	21,488	18,949	18,809	3,668	243,722
Bonus Stock	-	41,113	-	-	-	-	-	-	-	-	41,113
<b>Total</b>	<b>284,029</b>	<b>323,245</b>	<b>283,626</b>	<b>262,250</b>	<b>201,203</b>	<b>234,592</b>	<b>179,709</b>	<b>243,072</b>	<b>223,443</b>	<b>170,728</b>	<b>2,405,898</b>