

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS	)	
ENERGY CORPORATION FOR AN ORDER	)	CASE NO.
AUTHORIZING THE IMPLEMENTATION OF A	)	2021-00193
\$5,000,000,000 UNIVERSAL SHELF	)	
REGISTRATION	)	

ORDER

On May 7, 2021, Atmos Energy Corporation (Atmos) submitted an application seeking Commission approval to implement a \$5,000,000,000 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. 2019-00421.<sup>1</sup> 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 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.<sup>2</sup>

Atmos is a Virginia and Texas corporation in good standing with the Kentucky Secretary of State and is duly qualified under the laws of Kentucky to carry on its business in the Commonwealth. Atmos operates as a public utility in the business of purchasing,

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<sup>1</sup> Case No. 2019-00421, *Application of Atmos Energy Corporation for an Order Authorizing the Implementation of \$4,000,000,000 Universal Shelf Registration* (Ky. PSC Dec. 18, 2019).

<sup>2</sup> Application at 1.

transmitting and distributing natural gas to residential, commercial and industrial users in both western and south central Kentucky.

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.<sup>3</sup> Further, Atmos requests that the remaining shelf authority granted in Case No. 2019-00421 be terminated, contingent on the approval of the \$5,000,000,000 shelf proposed in its application.<sup>4</sup>

Atmos stated that it has not yet determined how the aforementioned shelf will be divided between senior debt and equity securities, but that its goal is to continue to maintain its historic debt-to-capitalization ratio.<sup>5</sup> Atmos intends to issue up to \$2,250,000,000 in common stock and up to \$2,750,000,000 in long-term debt securities.<sup>6</sup> As of March 31, 2021, the value of Atmos shareholders' equity and long-term debt was \$7,820,925,000 and \$7,316,404,000, respectively.<sup>7</sup> Atmos does not plan to implement the universal shelf registration in a manner that would materially impact its capitalization.

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<sup>3</sup> Application at 2.

<sup>4</sup> Case No. 2019-00421, *Application of Atmos Energy Corporation for an Order Authorizing the Implementation of \$4,000,000,000 Universal Shelf Registration* (Ky. PSC Dec. 18, 2019).

<sup>5</sup> Application at 1–2.

<sup>6</sup> Application, Exhibit A, at 6.

<sup>7</sup> Application, Exhibit A, at 5.

Atmos believes the use of the proposed universal shelf registration will allow the utility to utilize the most favorable financing option available at a particular time.<sup>8</sup>

Historically, Atmos has issued stock in large “follow-on” offerings and filed the required reports with the Commission within ten days. More recently, Atmos has been utilizing an “at the market” (ATM) program in which stock is issued in increments smaller than those of large follow-on offerings.<sup>9</sup> Atmos notes that ATMs maximize the price it receives for stock rather than having to accept a discounted price in the larger, follow-on block offerings. Atmos seeks to continue issuing stock pursuant to the ATM program.<sup>10</sup> Atmos requests that the Commission allow the required reports related to the ATM issuances to be filed within ten days following the date each stock issuance is publicly disclosed in its 10Q or 10K reports filed with the SEC.<sup>11</sup>

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that the approval of the \$5,000,000,000 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.

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<sup>8</sup> Application at 1–2.

<sup>9</sup> Case No. 2019-00421, *Application of Atmos Energy Corporation for an Order Authorizing the Implementation of \$4,000,000,000 Universal Shelf Registration* (Ky. PSC Dec. 18, 2019).

<sup>10</sup> Application at 4.

<sup>11</sup> *Id.* at 5.

Upon the issuance of these securities issued under the ATM program, Atmos shall file with the Commission a statement setting forth the date or dates of issuance, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, within ten days following the date each such stock issuance is publicly disclosed in Atmos' 10Q or 10K report filed with the SEC. Atmos should notify the Commission of the interest rate alternative selected for the issue. Atmos should explain how the selected 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 Commission further finds the request by Atmos regarding the termination of the universal shelf registration authority that was approved in Case No. 2019-00421 should be granted.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to implement a \$5,000,000,000 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. 2019-00421.

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

3. Atmos, within ten days after filing its 10Q or 10K filing with the SEC, shall file the information with the Commission, including information regarding the issuance of the securities referenced herein, 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 selected interest rate alternative represents the most reasonable interest rate available at the time of issuance, and copies of any executed interest rate management agreements.

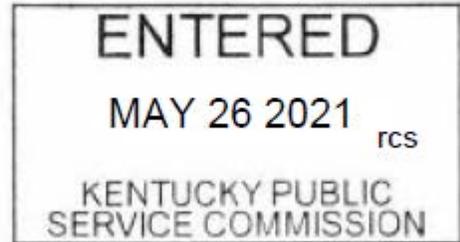
4. Any documents filed pursuant to ordering paragraph 3 of this Order shall reference the number of this case and shall be retained in the post-case correspondence file.

5. The remaining universal shelf registration authority granted to Atmos in Case No. 2019-00421 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

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