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OCT 16 2018

PUBLIC SERVICE  
COMMISSION

October 9, 2018

Mr. Jeff Cline  
Kentucky Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

RE: Atmos Energy Corporation

Docket No. 2015-00346

Dear Mr. Cline:

Pursuant to the Order of the Kentucky Public Service Commission entered into on December 16, 2015, which requires the Company to prepare a report for the Commission within ten days after the issuance of securities, enclosed is the report of action for Atmos Energy Corporation. The report, in accordance with the above referenced docket, relates to the issuance of securities pursuant to the \$2,500,000,000 universal shelf registration and the Prospectus Supplement which details the terms and conditions of the offering.

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". The signature is written in a cursive style.

Jason Schneider  
Assistant Treasurer

**COMMONWEALTH OF KENTUCKY  
CASE NO: 2015-00346**

**REPORT OF ACTION  
Prepared October 9, 2018**

Reference is made to the order entered into on December 16, 2015, which requires the Company to make a report to the Commission concerning the issuance of securities under the \$2,500,000,000 universal shelf registration.

Atmos hereby reports:

1. On October 1, Atmos Energy Corporation ("Atmos Energy") entered into an underwriting agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC, Mizuho Securities USA LLC, MUFG Securities Americas Inc. and TD Securities (USA) LLC, as representatives of the several underwriters, with respect to the offering and sale in an underwritten public offering (the "Offering") by Atmos Energy of \$600 million aggregate principal amount of its 4.300% Senior Notes due 2048 (the "Notes"), with a yield to maturity of 4.330% and an effective yield to maturity of 4.374%, after giving effect to related fees and original issuance discount. 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. 333-210424) of Atmos Energy (the "Registration Statement") and the prospectus supplement dated October 1, 2018, which was filed with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act on October 2, 2018.
2. Please reference the attachment labeled Atmos Deal Review which provides a transaction overview for October 1, 2018. The Company's bank syndicate discussed guidance strategy weeks/days prior to the deal and throughout the day the transaction pricing was tightened to ensure the debt issuance was completed at the lowest rate possible.
3. On October 4, 2018, Atmos Energy Corporation ("Atmos Energy") completed a public offering of \$600,000,000 aggregate principal amount of its 4.300% Senior Notes due 2048 (the "Notes"). The Notes are represented by two global securities executed by Atmos Energy on October 4, 2018 (the "Global Securities") and are unsecured obligations ranking equally with all of Atmos Energy's existing and future senior indebtedness and senior in right of payment to any future indebtedness that is subordinated to the Notes. The Notes bear interest at an annual rate of 4.300%, payable by Atmos Energy on April 1 and October 1 of each year, beginning on April 1, 2019, and mature on October 1, 2048. Atmos Energy received net proceeds from the offering, after the underwriting discount and estimated offering expenses payable by us, of approximately \$591 million.
4. A list of estimated and actual fees and expenses related to the debt offering is shown on the attachment labeled Exhibit A. We will submit a final list of fees and expenses once all Invoices have been received.
5. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table:

<b>Underwriter</b>	<b>Principal Amount of the Notes</b>
J.P. Morgan Securities LLC	\$ 85,500,000
Mizuho Securities USA LLC	85,500,000
MUFG Securities Americas Inc.	85,500,000
TD Securities (USA) LLC	85,500,000
BNP Paribas Securities Corp.	58,000,000
CIBC World Capital Markets Corp.	58,000,000
Credit Agricole Securities (USA) Inc.	58,000,000
BB&T Capital Markets, a division of BB&T Securities, LLC	21,000,000
BOK Financial Securities, Inc.	21,000,000
Regions Securities LLC	21,000,000
U.S. Bancorp Investments, Inc.	21,000,000
<b>Total</b>	<b>\$ 600,000,000</b>

6. Please refer to the SEC website for confirmed copies of the registration statement and final prospectus supplement to complete our filing requirements.

Atmos Energy Corporation

Jason Schneider  
Assistant Treasurer

**Atmos Energy Corporation**

October 2018 Debt Offering Summary - Estimate

As of October 9, 2018

**Exhibit A**

## Offering in October 2018:

\$600,000,000 Senior Notes, 4.30%; due 2048; offered at 99.499%

Less: Original Issue Discount

Less: Underwriting discount at 0.875%

Net Proceeds before legal, accounting and other offering costs

\$ 600,000,000

3,006,000

5,250,000

\$ 591,744,000

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

Attorneys Fees

115,000 ①

Accounting Fees

100,000 ①

SEC Filing Fee

72,720 ①

Printing &amp; Postage Expenses (Donnelley)

30,000 ①

Trustee fees

5,000 ①

Rating agency fees

700,000 ①

Misc

180,000 ①

Net Proceeds ..

\$ 590,541,280

Shelf Registration Costs (related to offering)

-

Net Proceeds Less Shelf Registration Costs

\$ 590,541,280

Σ ① = 1,202,720 Total Expenses



Atmos Energy Corporation



4.300% Senior Unsecured Notes due October 1, 2048

Transaction Summary

October 1, 2018

# Atmos Energy Corporation

\$600 Million 4.300% Senior Notes



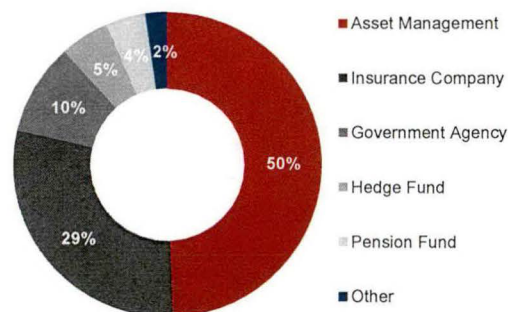
## KEY TRANSACTION TERMS

Issuer	Atmos Energy Corporation ("ATO" or the "Company")
Ratings	A2 / A (stable / stable)
Format	SEC Registered
Size	\$600 million (will-not-grow)
Maturity	October 1, 2048
Price	99.499%
Coupon	4.300%
Yield	4.330%
Initial Price Thoughts (IPTs)	T+130 bps Area
Guidance	T+115 bps Area (+/- 5 bps)
Reoffer Spread	T+110 bps
New Issue Concession (NIC)	+0 bps
Books at Top	\$2.0 billion (3.3x)
Final Book Size	\$1.3 billion (2.2x)
Use of Proceeds	GCP, including repayment of CP
Pricing Date	October 1, 2018
MUFG Role	<b>Active Bookrunner</b>

## TRANSACTION OVERVIEW

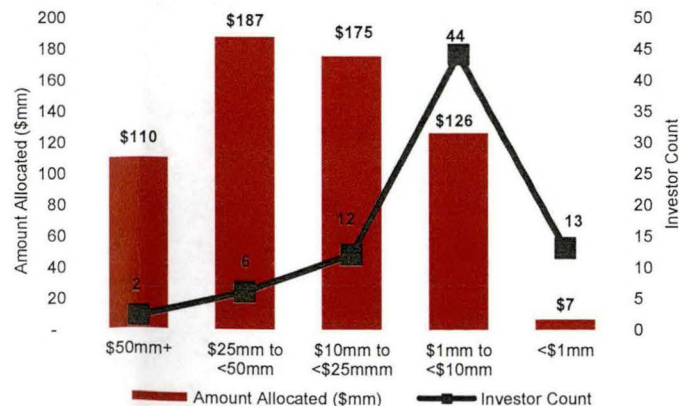
- Investment Grade new issue supply missed expectations last week, pricing just under \$11.5 billion of supply (versus \$20-25 billion consensus estimates). The month of September, however, came in better than expected with \$136 billion pricing across 157 tranches (versus \$125 billion expectation). The week of October 1<sup>st</sup> was expected to be busy, with predictions falling in the \$40 billion context, driven by the highly telegraphed Comcast acquisition financing to purchase Sky PLC.
- Utility issuance for the month of September was fairly subdued when compared to the broader Investment Grade primary market. Just over \$3.4 billion of Utility supply priced from eight issuers across nine tranches, with no new issues to speak of in the last seven trading sessions of the month. Although the supply was sparse, executions fared well, with robust average statistics featuring 14 bps moves from IPTs to pricing, new issue concessions of just 3 bps and 2.4x subscription multiples.
- The morning of Monday, October 1<sup>st</sup> and the start to Q4, opened in constructive fashion as news broke overnight of the clinching of a new NAFTA deal. Equities were poised to open solidly in the green, synthetic credit was over a basis point tighter and cash credit 1-2 bps tighter than Friday's close. Despite additional expected utility supply, the Company opted to get ahead of the highly anticipated jumbo Comcast M&A transaction financing and take advantage of the positive backdrop to announce its \$600 million (will-not-grow) offering of 30-Year Senior Unsecured Notes at IPTs of T+130 bps area. The Company was ultimately joined by 4 other issuers, including Utilities Tampa Electric Company (\$375mm) and Wisconsin Electric Power Company (\$300mm) – both also accessing the long ends of the curve.
- Despite the competing Utility supply, the scarcity value of the Atmos credit allowed for a steady, high quality build throughout the morning. Demand peaked at \$2.0 billion (3.3x oversubscribed) from 118 investors and included a who's who of duration buyers. With not a lot of stated price sensitivity, Syndicates felt an aggressive price move was warranted to encourage attrition and thus announced Guidance at T+115 bps (+/- 5 bps).
- Despite over \$700 million of drops, Atmos was able to launch its \$600 million deal at the tight end of guidance and price with a flat new issue concession. The final order book was \$1.3 billion (2.2x oversubscribed), with allocations primarily to asset managers (50%) and insurance companies (29%).

## ALLOCATION BY INVESTOR TYPE



Other includes Banks & Trusts and Corporations

## INVESTOR CONCENTRATION



Total Investors : 77

## KEY TAKEAWAYS

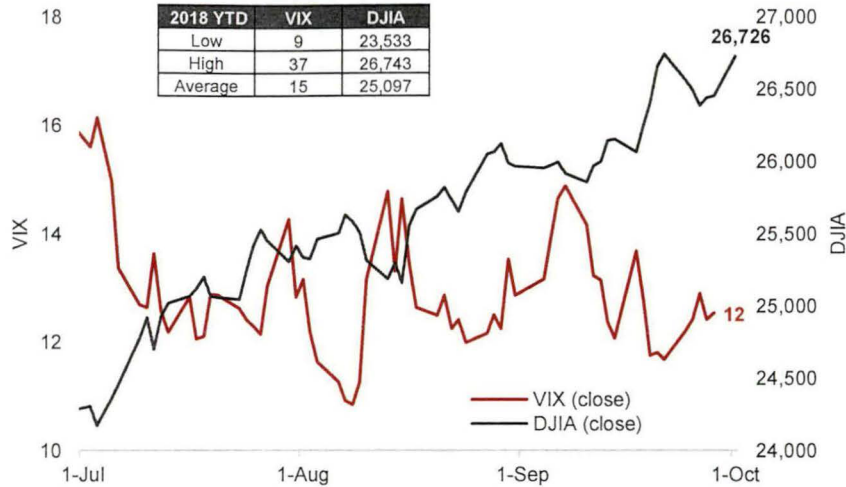
- ✓ Scarce credit that last issued a new 30-year tranche in October 2014
- ✓ Represented the largest single tranche offering by the Company
- ✓ Priced flat to outstandings in a market that has been demanding mid single digit new issue concessions



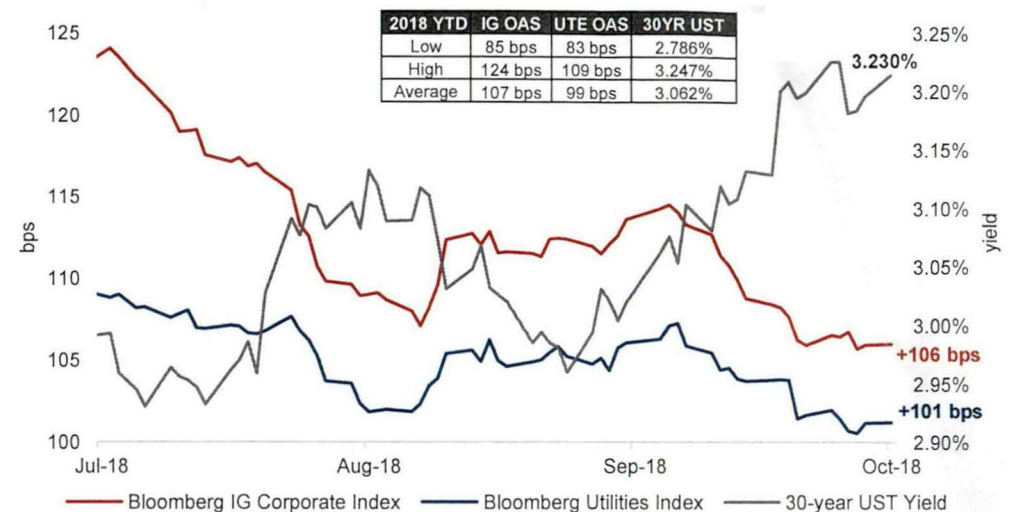
# Market Backdrop | Volatile Markets



## EQUITY INDICES – LAST 3 MONTHS



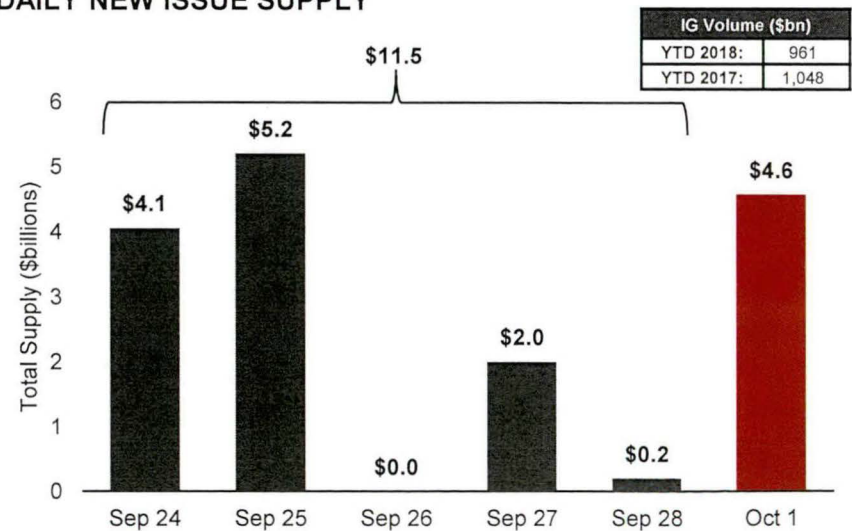
## CREDIT SPREADS & U.S. TREASURY YIELDS – LAST 3 MONTHS



## ECONOMIC DATA – OCTOBER 1, 2018

Date	Time	Event	Period	Survey	Actual	Prior	Revised
1-Oct	9:45	Markit US Manufacturing PMI	Sep F	55.6	55.6	55.6	-
1-Oct	10:00	Construction Spending MoM	Aug	0.4%	0.1%	0.1%	0.2%
1-Oct	10:00	ISM Manufacturing	Sep	60.0	59.8	61.3	-
1-Oct	10:00	ISM Prices Paid	Sep	71.4	66.9	72.1	-

## DAILY NEW ISSUE SUPPLY

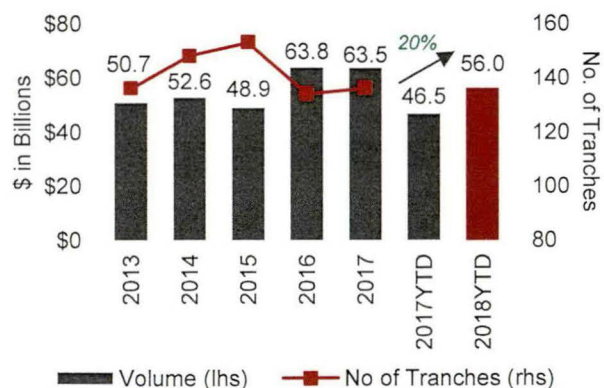


# Recent Issuance | Power & Utility Sector

Date	Issuer	Moody's / S&P At Issue	Sec / FMB	Amount (\$MM)	Coupon	Maturity	IPTs (bps)	Guidance (bps)	Issue Spread	Current Spread	IPTs to Pricing	NIC	Book Size	
19-Sep-18	Southern California Gas Company	Aa3 / A+	✓	550	4.300%	15-Jan-49	+ 120-125	+ 110 (+/-3)	+107 bps	<b>+102 bps</b>	-16 bps	+5 bps	2.4x	
19-Sep-18	Interstate Power & Light Company ***	Baa1 / A-		500	4.100%	06-Sep-28	+ 115a	-	+105 bps	<b>+99 bps</b>	-10 bps	+8 bps	1.9x	
17-Sep-18	Baltimore Gas & Electric	A3 / A-		300	4.250%	15-Sep-48	+ 125-130	+ 115 (+/-2.5)	+112.5 bps	<b>+110 bps</b>	-15 bps	+2.5 bps	2.7x	
11-Sep-18	Southwestern Electric Power Company	Baa2 / A-		575	4.100%	15-Sep-28	+ 120-125	+ 112.5 (+/-2.5)	+112.5 bps	<b>+109 bps</b>	-10 bps	+5 bps	1.3x	
5-Sep-18	AEP Transmission Company	A2 / A-		325	4.250%	15-Sep-48	+ 125-130	+ 120 (+/-2)	+118 bps	<b>+110 bps</b>	-9.5 bps	+5 bps	2.6x	
5-Sep-18	Northern States Power (WI)	Aa3 / A	✓	200	4.200%	01-Sep-48	+ 135a	-	+115 bps	<b>+113 bps</b>	-20 bps	+2.5 bps	2.5x	
5-Sep-18	Public Service Electric & Gas Company	Aa3 / A	✓	325	3.250%	01-Sep-23	+ 70a	+ 55 (+/-3)	+52 bps	<b>+48 bps</b>	-18 bps	-1 bps	3.1x	
5-Sep-18	Public Service Electric & Gas Company	Aa3 / A	✓	325	3.650%	01-Sep-28	+90-95	+78 (+/-3)	+75 bps	<b>+70 bps</b>	-17.5 bps	-1 bps	2.9x	
4-Sep-18	PECO Energy Company *	Aa3 / A-	✓	325	3.900%	01-Mar-48	+ 115-120	-	+105 bps	<b>+100 bps</b>	-12.5 bps	+3 bps	2.8x	
21-Aug-18	NextEra Energy Capital Holdings	Baa1 / BBB+		716	3mL+40	21-Aug-20	-	-	+40 bps	-	-	+0 bps	n/a	
21-Aug-18	NextEra Energy Capital Holdings	Baa1 / BBB+		350	3mL+55	21-Aug-21	-	-	+55 bps	-	-	+0 bps	n/a	
15-Aug-18	South Carolina Electric & Gas	Baa1 / A-	✓	300	3.500%	15-Aug-21	+ 120a	+ 85 (+/-2)	+83 bps	<b>+78 bps</b>	-37 bps	+15 bps	3.7x	
15-Aug-18	South Carolina Electric & Gas	Baa1 / A-	✓	400	4.250%	15-Aug-28	+ 175a	+ 145 (+/-2)	+143 bps	<b>+122 bps</b>	-32 bps	+15 bps	4.0x	
15-Aug-18	CenterPoint Energy Inc.	Baa3 / BBB		800	6.125%	Perpetual	6.25%a	6.125%#	6.125%	<b>5.750%</b>	-12.5 bps	+12.5 bps	1.6x	
14-Aug-18	The Southern Company	Baa2 / BBB+		750	3mL+49	14-Feb-20	3mL+ 50a	3mL+49	+49 bps	-	-1 bps	n/a	n/a	
14-Aug-18	Black Hills Corporation	Baa2 / BBB+		400	4.350%	01-May-33	+ 170a	+ 155 (+/-5)	+150 bps	<b>+147 bps</b>	-20 bps	+5 bps	4.8x	
14-Aug-18	Oklahoma Gas & Electric Company	A2 / BBB+		400	3.800%	15-Aug-28	+ 105-110	+ 95 (+/-2)	+93 bps	<b>+92 bps</b>	-15 bps	+3 bps	2.8x	
8-Aug-18	Entergy Louisiana LLC	A2 / A	✓	600	4.200%	01-Sep-48	+ 120a	-	+110 bps	<b>+107 bps</b>	-10 bps	+0 bps	1.9x	
8-Aug-18	National Fuel Gas Company	NR / BBB		300	4.750%	01-Sep-28	+ low 200s	+ 190 (+/-2.5)	+187.5 bps	<b>+203 bps</b>	-14 bps	+13 bps	2.8x	
7-Aug-18	Arizona Public Service Company	A2 / A-		300	4.200%	15-Aug-48	+ 125-130	+ 115 (+/-3)	+112 bps	<b>+113 bps</b>	-15.5 bps	+3 bps	3.0x	
7-Aug-18	Commonwealth Edison Company	A1 / A	✓	550	3.700%	15-Aug-28	+ 95a	+ 77 (+/-2)	+75 bps	<b>+72 bps</b>	-20 bps	+0 bps	3.5x	
											<b>Average:</b>	-16.1 bps	+4.7 bps	2.8x

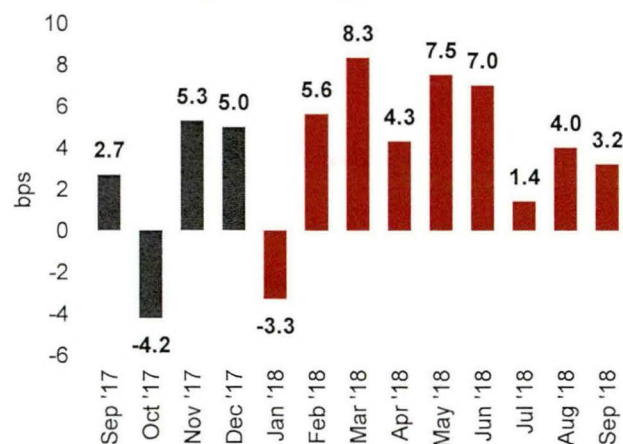
Source: Bloomberg, MUFG \* Re-opening \*\* 144A for life \*\*\* Green Bond

## Historical Volume

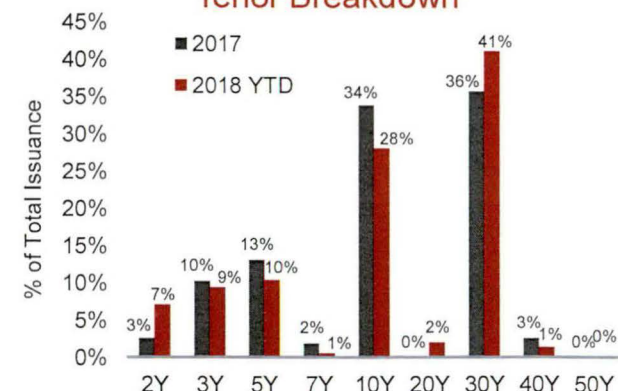


Source: Bloomberg, MUFG as of September 28, 2018

## Average Monthly Concession



## Tenor Breakdown





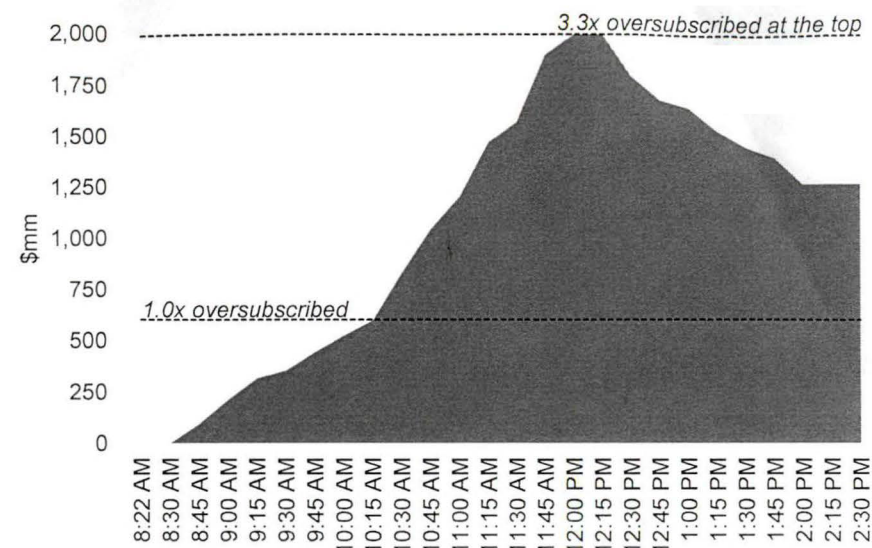
# Transaction | Execution Summary



## TRANSACTION EXECUTION TIMELINE

- 8:15 AM ET: Go / No-Go call
- 8:22 AM ET: Deal announced; Initial Price Thoughts released at T+130 bps area
- 11:45 AM ET: Order book subject
- 12:12 PM ET: Guidance released at T+115 bps area (+/- 5 bps)
- 1:05 PM ET: \$600 million offering launched at T+110 bps
- 2:00 PM ET: Order book allocated
- 2:30 PM ET: **Pricing call (Final order book of ~\$1.3 billion)**
- 3:50 PM ET: Free to Trade

## BOOK BUILD



## RELATIVE VALUE

Issuer	Security	Rating	UST+	\$ Px
Atmos Energy Corporation	ATO 4.125 2044	A2/A	109 bps	97.0
Consolidated Edison Company	ED 3.875 2047	A2/A-	104 bps	93.6
AEP Transmission Co LLC	AEP 4.25 2048	A2/A-	110 bps	98.7
American Water Capital	AWK 4.2 2048	A3/A	112 bps	97.6
Baltimore Gas & Electric	EXC 4.25 2048	A3/A-	110 bps	98.7

## FINAL ALLOCATIONS

Investor Type	Final Indication	%	Final Allocation	%
Asset Management	\$439,477,000	35.05%	\$298,977,000	49.42%
Insurance Company	372,500,000	29.71%	177,000,000	29.26%
Government Agency	103,500,000	8.25%	58,500,000	9.67%
Hedge Fund	224,000,000	17.86%	31,000,000	5.12%
Pension Fund	29,000,000	2.31%	25,500,000	4.21%
Other	\$85,500,000	6.82%	\$14,023,000	2.32%
<b>Total</b>	<b>\$1,253,977,000</b>	<b>100.00%</b>	<b>\$605,000,000</b>	<b>100.00%</b>

Investor Count 77  
 Largest Allocation \$55,000,000  
 Smallest Allocation \$20,000  
 Average Allocation \$7,034,884

Source: MUFG

