

The Law Offices of

WILSON, HUTCHINSON & POTEAT

611 Frederica Street
Owensboro, Kentucky 42301
Telephone (270) 926-5011
Facsimile (270) 926-9394

RECEIVED

AUG 12 2005

PUBLIC SERVICE
COMMISSION

William L. Wilson, Jr.
Mark R. Hutchinson
T. Steven Poteat

bill@whplawfirm.com
randy@whplawfirm.com
steve@whplawfirm.com

August 10, 2004

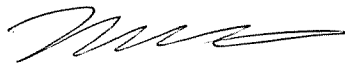
Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RE: Response to First Data Request Atmos Energy Corporation
Case No. 2005-00287
\$600 Million Credit Facility

Dear Ms. O'Donnell:

Enclosed herein is an original, plus six (6) copies of Atmos Energy's Response to the Commission's First Data Request dated August 1, 2005 in the above referenced case.

Very truly yours,



Mark R. Hutchinson

MRH:bkk

Enclosures

c: Doug Walther
Laurie Sherwood
John Paris
Gary Smith

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 12 2005

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS ENERGY)
CORPORATION, FOR AN ORDER)
AUTHORIZING THE IMPLEMENTATION OF A) CASE NO.
\$600 MILLION THREE-YEAR REVOLVING) 2005-00287
CREDIT FACILITY)

FIRST DATA REQUEST OF COMMISSION STAFF TO
ATMOS ENERGY CORPORATION

Atmos Energy Corporation ("Atmos"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due not later than 10 days from the date of this request. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to page 1 of the application. Atmos states that the credit facility will serve primarily as a liquidity backstop for its \$600 million commercial paper program, although it will also be used for direct borrowings.

a. Describe the commercial paper program and how this facility will function as a backstop.

b. Provide the percentage of the credit facility that Atmos anticipates will be used for the commercial paper program.

c. Atmos states that the interest rate on any direct borrowings will be a floating rate determined by a spread over either the London Interbank Offered Rate ("LIBOR") or an alternative rate such as the Prime Rate or the Federal Funds Rate. Explain who will decide whether to use LIBOR or another rate and how the decision will be made.

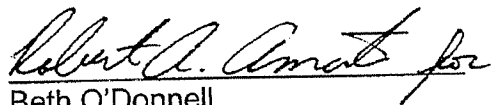
d. What is typically the difference in rate between LIBOR and the Prime and Federal Funds rate?

2. Refer to page 2 of the application. Atmos states that it will use the net proceeds from the credit facility to repay all or a portion of its short-term debt, for the purchase, acquisition, construction or improvement of additional or existing properties, and for general corporate purposes.

a. Provide a list of the short-term debt that Atmos anticipates it will repay from the proceeds of this credit facility.

b. Provide a list of the properties that Atmos anticipates it will purchase, acquire, construct or improve from the proceeds of this credit facility.

c. Provide a list of the general corporate purposes for which Atmos will use its credit facility.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED August 1, 2005

cc: All Parties

Case No. 2005-00287

ATMOS ENERGY CORPORATION
CASE NO. 2005-00287
FIRST DATA REQUEST OF COMMISSION STAFF – DATED AUGUST 1, 2005

Item 1 (a-d)
Witness: Laurie Sherwood
Vice President and Treasurer

1. Refer to page 1 of the application. Atmos states that the credit facility will serve primarily as a liquidity backstop for its \$600 million commercial paper program, although it will also be used for direct borrowings.

- a. Describe the commercial paper program and how this facility will function as a backstop.

Response:

Atmos has a \$600 million commercial paper program issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. Commercial paper is an unsecured promissory note issued for a specific amount to mature in 270 days or less. Atmos Energy's commercial paper is sold on a discount basis through two dealers, JP Morgan Chase and Merrill Lynch. The Company's obligation for the commercial paper program is backed by the \$600 million revolving credit facility, which serves as alternative source of liquidity if Atmos is unable to repay or refinance the commercial paper at maturity.

- b. Provide the percentage of the credit facility that Atmos anticipates will be used for the commercial paper program.

Response:

Atmos anticipates that 100% of its usage of the credit facility will be to backstop the commercial paper program, except in circumstances when borrowings in the commercial paper market are not feasible or would be more expensive than direct borrowings under the credit facility.

- c. Atmos states that the interest rate on any direct borrowings will be a floating rate determined by a spread over either the London Interbank Offered Rate ("LIBOR") or an alternative rate such as the Prime Rate or the Federal Funds Rate. Explain who will decide whether to use LIBOR or another rate and how the decision will be made.

Response:

Either the Treasurer or Assistant Treasurer of Atmos will make the decision as to which rate to elect. The decision will be based on the comparative cost of the rate alternatives, with the lowest rate customarily being selected. In rare cases, a higher rate might be selected if the lower rate were not available for the desired borrowing period. For example, a borrowing made using a one-month LIBOR rate might require that the borrowing remain outstanding for one month. If funds were only needed for a shorter period of time, it might be more cost-effective to borrow at a higher rate if the borrowing could be repaid sooner.

- b. What is typically the difference in rate between LIBOR and the Prime and Federal Funds rate?

Response:

These rates all “float”, or change from time to time, but the Prime Rate is customarily the highest of the three. The relationship between the Federal Funds rate and LIBOR often fluctuates, but LIBOR is currently lower. For example, as of the close of the financial markets on August 3, 2005, these rates were as follows (as reported in the Wall Street Journal on August 4):

<i>Prime Rate</i>	<i>6.25%</i>	<i>Last reset on June 30, 2005</i>
<i>Federal Funds Rate</i>	<i>4.125%</i>	<i>Near closing bid rate</i>
<i>LIBOR</i>	<i>3.55%</i>	<i>One month</i>

ATMOS ENERGY CORPORATION
CASE NO. 2005-00287
FIRST DATA REQUEST OF COMMISSION STAFF – DATED AUGUST 1, 2005

Item 2 (a-c)
Witness: Laurie Sherwood
Vice President and Treasurer

2. Refer to page 2 of the application. Atmos states that it will use the net proceeds from the credit facility to repay all or a portion of its short-term debt, for the purchase, acquisition, construction or improvement of additional or existing properties, and for general corporate purposes.

a. Provide a list of the short-term debt that Atmos anticipates it will repay from the proceeds of this credit facility.

Response:

Atmos cannot currently state what specific short-term debt that it will repay with the proceeds of this credit facility. At the time that this facility closes and thereafter during its term, the Company will use the proceeds of direct borrowings under the facility and/or issuances of commercial paper backstopped by this facility to repay short-term borrowings as they come due.

b. Provide a list of the properties that Atmos anticipates it will purchase, acquire, construct or improve from the proceeds of this credit facility.

Response:

Atmos cannot currently state what specific properties it will purchase, acquire, construct or improve from the proceeds of this credit facility. Borrowings under the credit facility and/or the issuances of commercial paper backstopped by this facility will be used to meet expenditure obligations as they arise.

c. Provide a list of the general corporate purposes for which Atmos will use its credit facility.

Response:

The general corporate purposes for which Atmos will use its credit facility include, but are not necessarily limited to, payment for natural gas supplies, employee salaries, other general and administrative expenses, operating and maintenance expenses, and capital expenditures.