



December 7, 2005

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PUBLIC SERVICE
COMMISSION

Honorable Elizabeth O'Donnell
Executive Director
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Atmos Energy Corporation
Case No. 2005-00287

Dear Ms. O'Donnell:

Pursuant to the Order of the Commonwealth of Kentucky dated August 26, 2005 in the above referenced docket, enclosed is the report of action from Atmos Energy Corporation for the implementation of the \$600 million three-year revolving credit facility.

If you have any questions or require further information, please do not hesitate to contact me at (972) 855-9755. Thank you for your assistance.

Sincerely,


Stephanie Castle
Assistant Treasurer

Enclosures

Cc: Gary Smith
Doug Walther
Laurie Sherwood

**PUBLIC SERVICE COMMISSION
OF THE COMMONWEALTH OF KENTUCKY
CASE NO. 2005-00287**

**REPORT OF ACTION
Prepared December 6, 2005**

Reference is made to the order entered into on August 26, 2005, which requires the Company make a report to the Commission concerning the implementation of a three-year revolving credit facility.

Atmos hereby reports:

On October 18, 2005, Atmos Energy Corporation, entered into a Revolving Credit Agreement with SunTrust Bank, as administrative agent; and JP Morgan Chase Bank, as syndication agent, and Bank of America, N.A., Wachovia Bank, National Association and Societe Generale as Co-Documentation Agents; and The Royal Bank of Scotland plc, The Bank of Tokyo-Mitsubishi, Ltd., Merrill Lynch Bank USA, KBC Bank N.V., Calyon New York Branch, The Bank of New York, U.S. Bank National Association, UBS Loan Finance LLC, Citibank, N.A and Comerica Bank as lenders (the "credit facility"). The credit facility replaced Atmos' \$600 million credit facility entered into on October 22, 2004. The credit facility will primarily serve as backstop liquidity for Atmos' \$600 million commercial paper program, but may also be used for direct borrowings from the capital markets. The proceeds will be used to repay short-term debt and to purchase, acquire or construct additional facilities, as well as to make improvements to the existing utility plant, to refund higher coupon long-term debt as market conditions permit, and for general corporate purposes.

Borrowings made under the credit facility will bear interest at the company's election of either a Base Rate or a Eurodollar Rate. Base Rate means the higher of (i) the per annum rate which is publicly announced by SunTrust Bank to be its prime lending rate, and (ii) the Federal Funds Rate, plus one-half of one percent (0.50%). Eurodollar Loan bears interest at the Adjusted LIBO Rate for the applicable interest period plus the applicable margin which will range from 0.40% to 1.00% per annum, depending on the credit rating of the senior, unsecured long-term debt securities of Atmos.

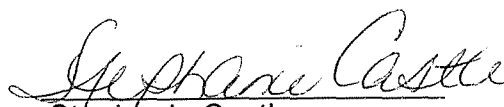
Atmos paid financing fees due at closing of \$640,000 and will also pay unused commitment fees each quarter in arrears at rates ranging from 0.075% to 0.200% depending on Atmos' credit rating. Based upon Atmos' current credit ratings, the commitment fee would be 0.100%

Atmos may, at its option and upon the receipt of all required regulatory approvals, so long as no default or event of default has occurred and is continuing, elect to increase the credit facility up to an aggregate amount of commitments not to

exceed \$900,000,000 through the addition of new lenders or increases of commitments by existing lenders

The credit facility will expire on October 18, 2008, at which time all outstanding amounts under the credit facility will be due and payable. The credit facility contains usual and customary covenants for transactions of this type, including covenants limiting liens, substantial asset sales and mergers. In addition, the credit facility provides that during the term of the facility, Atmos' debt to capitalization ratio as of the last day of each of its fiscal quarters shall be less than or equal to 0.70 to 1.00.

Atmos Energy Corporation

A handwritten signature in cursive script that reads "Stephanie Castle". The signature is written in black ink and is positioned above a horizontal line.

Stephanie Castle
Assistant Treasurer