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RECEIVED
SEP 27 2006
PUBLIC SERVICE
COMMISSION

William L. Wilson, Jr.
Mark R. Hutchinson
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steve@whplawfirm.com

UNITED PARCEL SERVICE
OVERNIGHT DELIVERY

September 26, 2006

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

Case No. 2006-00475

RE: Application of Atmos Energy Corporation for an Order
Authorizing the Implementation of a \$600,000,000 Five Year
Revolving Credit Facility

Dear Ms. O'Donnell:

I enclose herewith an original, plus eleven (11) copies, of an Application of Atmos Energy Corporation for an Order Authorizing the Implementation of a \$600,000,000 Five Year Revolving Credit Facility. Please return one file stamped copy of the Application to me. Thanks.

Very truly yours,

Mark R. Hutchinson

Mark R. Hutchinson

(B10)

MRH:bkk

Enclosures

**BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY**

RECEIVED

SEP 27 2006

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ATMOS ENERGY CORPORATION)
FOR AN ORDER AUTHORIZING THE)
IMPLEMENTATION OF A \$600,000,000)
FIVE-YEAR REVOLVING CREDIT)
FACILITY)

CASE NO. 2006-00475

APPLICATION

1. Pursuant to KRS 278.300, and all other applicable law, Atmos Energy Corporation ("Applicant" or "Atmos"), files its Application herein for an Order authorizing the implementation of a five-year \$600,000,000 revolving credit facility ("Credit Facility").

2. The Credit Facility will have a term of five years and will replace the \$600 million revolving credit facility entered into as of October 18, 2005 and approved by the Commission in Case No. 2005-00287. The Credit Facility will be provided by a syndicate of commercial banks and other financial institutions, the identity of which will not be determined until the syndication process is complete. The Credit Facility will primarily serve as a liquidity backstop for Atmos Energy Corporation's \$600 million commercial paper program, but can also be utilized by the Company for direct borrowings. The interest rate to be paid on any direct borrowings made under the Credit Facility will be a floating rate, set at a spread over either a) the then-prevailing London Interbank Offer Rate ("LIBOR") or b) an alternate floating rate such as the Prime Rate or the Federal Funds Rate. The spread over LIBOR or over the alternate floating rate, as applicable, will be determined based on Atmos Energy Corporation's then-prevailing senior unsecured rates. The Company anticipates that the maximum spread over LIBOR that it would pay would be 1.50% per annum. In addition, the fee that Atmos would pay on any unused availability under the Credit Facility (the "unused fee") would be based on its then-prevailing senior unsecured credit ratings. The Company

anticipates that the maximum unused fee that it would pay would be 0.50% per annum. The actual spreads and fees that the Company would pay at various credit rating levels is currently not known with certainty, but will be determined prior to the date on which the Credit Facility closes. The Company will also pay an annual fee to the administrative agent and one-time arrangement fees at closing to the banks which provide commitments to the Credit Facility. The amount of these fees will be negotiated during the Credit Facility syndication process and will be based on then-prevailing financial market conditions.

3. The net proceeds from the Credit Facility will be used for the repayment of all or a portion of the Company's short-term debt, for the purchase, acquisition and/or construction of additional properties, other than real estate, as well as improvement to the Company's existing utility plant and for general corporate purposes. All of the foregoing are lawful purposes and are appropriate or consistent with the proper performance by Atmos of its service to the public and will not impair its ability to perform that service and is reasonable, necessary and appropriate for such purposes.

4. Approval of this application is in the public interest because it will be beneficial to Atmos and its service to its customers and the public will be inconvenienced thereby. In addition, the Credit Facility will provide Atmos with greater flexibility in its financing options.

5. Applicant, a Virginia and Texas corporation, is duly qualified under the laws of Kentucky to carry on its business, and conducts all of its utility activities in the Commonwealth of Kentucky. Atmos operates a public utility in the business of purchasing, transmitting and distributing natural gas to residential, commercial and industrial users in western and south central Kentucky. No transfer of ownership or control, or right to control, Applicant, by sale of assets, transfer of stock or otherwise, will occur as a result of this transaction.

6. Applicant's principal operating office and place of business is 2401 New Hartford Road, Owensboro, Kentucky 42303. The post office address of Applicant is P.O. Box 650205, Dallas, Texas 75265-0205.

7. A certified copy of Applicant's Amended and Restated Articles of Incorporation are on file with the Commission in Case No. 2006-00387. A certified copy of Applicant's Board of Directors resolution authorizing the Credit Facility is attached as Exhibit A.

8. Correspondence and communications with respect to this Application should be directed to:

Gary Smith
Vice President, Rates and Regulatory Affairs
Atmos Energy, Kentucky Division
2401 New Hartford Road
Owensboro, Kentucky 42303

Douglas C. Walther
Associate General Counsel
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
611 Frederica St.
Owensboro, Kentucky 42301

9. Pursuant to KRS 278.300, the Applicant respectfully requests expedited approval of the Credit Facility. Atmos has set a target date of mid-November, 2006 to close the Credit Facility.

10. To comply with the requirements of 807 KAR 5:001, Sections 6, 8 and 11 of the Commission's Administrative Regulations, there is attached hereto and incorporated herein by reference, Exhibit B, which contains all of the financial information therein required.

11. Pursuant to 807 KAR 5:001, Section 11(2)(b), true and correct copies of Applicant's outstanding deeds of trust and mortgages are on file in the records of the Commission and the same are incorporated herein by reference. See, *In Re The Matter of the Application of Atmos Energy Corporation for Authorization to Issue Additional Shares*, Case No. 97-351.


WHEREFORE, Atmos respectfully requests that the Commission authorize by appropriate order or certificate the implementation of the \$600,000,000 revolving credit facility as described herein, terminating the remaining revolving credit authority granted to Applicant in Case No. 2005-00287 upon the effective date of the approval of the credit facility that is the subject of this application, and granting to Atmos such other, further and different relief in the premises as the Commission may deem appropriate.

Respectfully submitted on this 26 day of September, 2006.

Douglas C. Walther
Senior Attorney
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
611 Frederica Street
Owensboro, Kentucky 42301

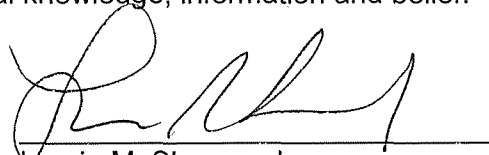
COUNSEL FOR ATMOS ENERGY CORPORATION

By: 

VERIFICATION

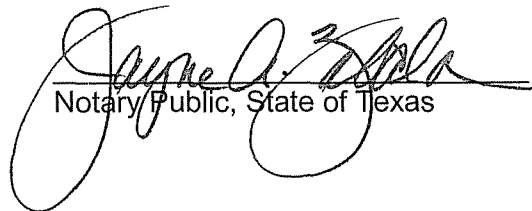
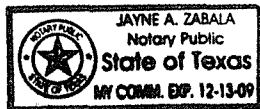
STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The undersigned, being under oath, says that she is the Vice President and Treasurer of Atmos Energy Corporation, the Applicant named in the above and foregoing Application, that she has read said Application, knows the contents thereof and that the same is true to the best of his personal knowledge, information and belief.



Laurie M. Sherwood
Vice President and Treasurer
Atmos Energy Corporation

Subscribed and sworn to before me this 15th day of September, 2006, by Laurie M. Sherwood, as Vice President and Treasurer of Atmos Energy Corporation, on behalf of the said corporation.



Notary Public, State of Texas

ATMOS ENERGY CORPORATION

SECRETARY'S CERTIFICATE

The undersigned, being the Assistant Corporate Secretary of Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), does hereby certify that the following resolutions were duly adopted by the Board of Directors of the Company at a meeting of the Board held on August 9, 2006 and such resolutions have not been altered, amended, rescinded, or repealed and are now in full force and effect:

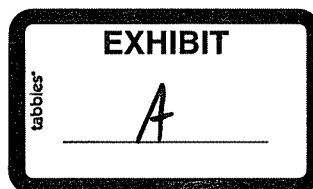
WHEREAS, the Company is a party to that certain Credit Agreement dated October 18, 2005 with a term of three years (the "2005 Three-Year Credit Agreement"), by and among the Company, various banks listed therein, and SunTrust Bank, as agent for such banks, providing for a line of credit of up to \$600,000,000;

WHEREAS, Management believes it would be prudent to "lock in" more favorable rates and terms that are currently available for long-term credit facilities than those contained in the 2005 Three-Year Credit Agreement and that a committed revolving credit facility with a term of five years would be optimal, given the considerations of certainty, cost and flexibility;

WHEREAS, because the term of the new credit agreement will exceed one year, before the Company may enter into such an agreement, it will be necessary to obtain approvals from the regulatory commissions of the States of Colorado, Georgia, Kentucky and Virginia;

WHEREAS, the appropriate officers of the Company have been discussing the terms of a new credit agreement with a term of five years by and among the Company and the various banks discussed in the report presented to the Board this day (the "Banks"), with an anticipated closing date in November 2006, following receipt of all required states' regulatory approvals (the "2006 Five-Year Credit Agreement"); and

WHEREAS, the Company intends to borrow such funds in the aggregate amount of \$600,000,000 at any one time through the issuance of commercial



paper notes, backstopped by the 2006 Five-Year Credit Agreement, as well as through short-term borrowings under the 2006 Five-Year Credit Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the President, the Chief Financial Officer and the Treasurer of the Company are authorized to negotiate with the Banks the terms of the 2006 Five-Year Credit Agreement, which will evidence substantially the same terms as those reflected in the report presented to the Board of Directors this day;

RESOLVED FURTHER, that the officers and other representatives of the Company are authorized to perform all acts as may be necessary in order to obtain the approval of the transactions contemplated in the 2006 Five-Year Credit Agreement from each of the regulatory commissions of the States of Colorado, Georgia, Kentucky and Virginia;

RESOLVED FURTHER, that the President or any Vice President of the Company is hereby authorized and directed, in the name of and on behalf of the Company, to execute and deliver the 2006 Five-Year Credit Agreement, which will contain substantially the same terms as those reflected in the report presented to the Board of Directors this day, and such other instruments and documents as are necessary, and to take such other actions as the officer so acting deems necessary or desirable in order to effectuate the transactions contemplated by these resolutions and the intent and purposes thereof;

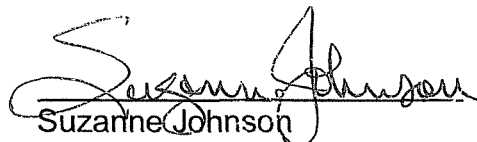
RESOLVED FURTHER, that the actions of each of the officers or other representatives of the Company, which have been heretofore taken in connection with the 2006 Five-Year Credit Agreement, and the transactions contemplated thereby, are hereby in all respects ratified, confirmed, authorized, and approved;

RESOLVED FURTHER, that the President, the Chief Financial Officer or the Treasurer of the Company be, and each of them hereby is, authorized to: (i) borrow for the use and benefit of the Company under the 2006 Five-Year Credit Agreement from time to time up to an aggregate of \$600,000,000 at any one time outstanding through either short-term borrowings or the issuance of commercial paper notes backstopped by the 2006 Five-Year Credit Agreement; (ii) execute such commercial paper notes for and on behalf of the Company; (iii) execute and deliver, if required, (A) an amended commercial paper dealer agreement between the Company and Merrill Lynch Money Markets, Inc., or JP Morgan Securities, Inc. as dealer(s), providing, among other things, for the sale of commercial paper notes on behalf of the Company and the indemnification of the dealer in connection therewith and, if required, (B) an amended issuing and paying agency agreement between the Company and a depository trust company that is a member of the same day funds settlement system, as issuing and paying agent; (iv) prepare and distribute an amended private placement memorandum to be distributed to potential purchasers of the Company's commercial paper; (v) delegate to any other officers or employees of the

Company authority to give instructions to the dealer pursuant to the commercial paper dealer agreement; and (vi) do such acts and execute such other instruments and documents as may be necessary and proper to effect the transactions contemplated hereby including (A) amending documents referred to herein and (B) appointing additional dealers and successors to any of the parties named above; and

RESOLVED FURTHER, that the execution by any officers of any paper or document, or the doing by them of any act, in connection with the foregoing resolutions shall evidence their approval and authorization of such paper or document or act where such approval and authorization is required or permitted by the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Company this 11th day of September, 2006.


Suzanne Johnson
Assistant Corporate Secretary

KENTUCKY
EXHIBIT A

References preceding each subpart of this Exhibit pertain to subsections of Sections 6 and 11 of 807 KAR 5:001.

Atmos Energy Corporation operates in Kentucky through its Kentucky division. The following includes information for Atmos Energy Corporation (unless otherwise stated) since the Kentucky division does not have a separate capital structure or authorized stock.

6(1) Amount and kinds of stock authorized

As of June 30, 2006 Atmos Energy Corporation had 200,000,000 shares of common stock (no par value) authorized.

6(2) Amount and kinds of stock issued and outstanding

81,538,139 shares of common stock issued and outstanding.

6(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

Atmos Energy Corporation has no preferred stock.

6(4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

Atmos has mortgages related to bonds assumed in the merger with United Cities on July 31, 1997, which are listed below:

<u>First Mortgage Bonds</u>	<u>Original Issue</u>	<u>Bonds Outstanding 6/30/2006</u>	<u>Interest accrued for 12 months ended 6/30/2006</u>
10.43% Series P, due 11/01/17	\$25,000,000 10/01/87	\$8,750,000	\$990,322
9.75% Series Q, due 4/30/20	\$20,000,000 4/01/90	\$ --	\$486,902
9.32% Series T, due 6/01/21	\$18,000,000 6/01/91	\$ --	\$438,211

<u>First Mortgage Bonds</u>	<u>Original Issue</u>	<u>Bonds Outstanding 6/30/2006</u>	<u>Interest accrued for 12 months ended 6/30/2006</u>
8.77% Series U, due 5/01/22	\$20,000,000 5/01/92	\$ --	\$486,902
7.50% Series V, due 12/01/07	\$10,000,000 12/01/92	\$ --	\$243,451
		\$8,750,000	\$2,645,787

Note that all of these first mortgage bonds, except for Series P, were repaid in June 2005.

6(5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.

Please refer to 6(4) above.

6(6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

Outstanding Notes of Applicant are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount Outstanding at 6/30/06</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>In favor of</u>	<u>Interest Accrued for 12 months ended 6/30/06</u>
Sr. Notes	10/18/04	300,000,000	10/15/07	5.452%		15,761,455
Sr. Notes	10/18/04	400,000,000	10/15/09	4.000%		17,860,483
Sr. Notes	05/15/01	350,000,000	05/15/11	7.375%		26,185,933
Note	12/31/91	1,151,654	12/31/11	10.0%	Kingdom Foundation	115,166
Note	12/31/91	1,151,654	12/31/11	10.0%	Michael D. Fredricks	115,165
Sr. Notes	01/16/03	250,000,000	01/15/13	5.125%		13,885,877
Sr. Notes	10/18/04	500,000,000	10/15/14	4.950%		27,627,937
Note	12/15/95	10,000,000	12/15/25	6.67%	Cede & Co.	667,911
Note	12/19/95	10,000,000	12/19/10	6.27%	Cede & Co.	627,857
Debentures	07/15/98	150,000,000	07/15/28	6.75%	U.S. Bank as Trustee	10,231,323
Sr. Notes	10/18/04	200,000,000	10/15/34	5.950%		13,283,737
		<u>\$2,172,303,308</u>				<u>\$126,362,843</u>

6(7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

Other indebtedness of Atmos Energy Corporation is as follows:

<u>Description</u>	<u>Lender</u>	<u>Amount Outstanding at 6/30/2006</u>	<u>Rate of Interest</u>	<u>Interest Accrued for 12 Months Ended 6/30/2006</u>
Committed Lines of Credit:				
One-year credit facility for up to \$18,000,000 renegotiated effective April 1, 2005	Amarillo National Bank	\$15,200,000	Short-term rate based upon option chosen at time of borrowing	\$ 31,198
364-Day Revolving Credit Agreement for up to \$300,000,000 and Three Year Revolver for up to \$600,000,000	Suntrust Bank	-	Short-term rate based upon option chosen at time of borrowing	4,185,997
TOTAL COMMITTED LINES		<u>\$15,200,000</u>		<u>\$4,217,195</u>

<u>Description</u>	<u>Lender</u>	<u>Amount Outstanding at 6/30/2006</u>	<u>Rate of Interest</u>	<u>Interest Accrued for 12 Months Ended 6/30/2006</u>
Uncommitted Money Market Lines of Credit:				
Credit facility for up to \$25,000,000	KBC Bank	\$ -	Short-term rate based upon option chosen at time of borrowing	\$ 168,115
\$600,000,000 Commercial Paper Program	Merrill Lynch & JP Morgan as dealers	281,900,000	Money market rate as quoted	6,614,336
TOTAL UNCOMMITTED LINES		<u>281,900,000</u>		<u>6,782,451</u>
TOTAL LINES OF CREDIT		<u>\$297,710,000</u>		<u>\$10,996,646</u>

6(8) Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.

The following is Atmos Energy Corporation's dividend history for the past five fiscal years. The Atmos dividend rate, the amount of dividends paid and average shares have been restated to include United Cities distributions.

<u>Fiscal Year Ended Sept 30</u>	<u>Atmos Dividend Rate</u>	<u>Amount of Dividends Paid</u>	<u>Average Shares For Each Fiscal Year</u>
Fiscal 2001	\$1.16	\$44,111,974	38,247,000
Fiscal 2002	\$1.18	\$48,646,766	41,250,000
Fiscal 2003	\$1.20	\$55,290,637	46,496,000
Fiscal 2004	\$1.22	\$66,736,243	54,416,000
Fiscal 2005	\$1.24	\$98,977,652	79,012,000

6(9) detailed Income statement and Balance sheet.

The following is the separate company income statement and balance sheet for the utility operations of Atmos Energy Corporation.

ATMOS ENERGY CORPORATION
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED
June 30, 2006
(Thousands of Dollars)
(Unaudited)

Operating revenues	\$3,780,068
Purchased gas cost	<u>2,717,946</u>
Gross profit	1,062,121
Operating expenses:	
Operation and maintenance	415,628
Depreciation and amortization	179,284
Taxes, other than income	<u>190,577</u>
Total operating expenses	<u>785,489</u>
Operating income	276,633
Other expense	(6,481)
Interest charges	143,821
Equity in earnings of unconsolidated non-regulated subsidiaries	<u>(37,367)</u>
Income before income taxes	176,660
Income taxes	<u>51,784</u>
Net income	<u>\$ 124,876</u>

ATMOS ENERGY CORPORATION
BALANCE SHEET
June 30, 2006
(Thousands of Dollars)
(Unaudited)

ASSETS

Property, plant and equipment	\$4,922,023
Less accumulated depreciation and amortization	<u>1,395,508</u>
Net property, plant and equipment	3,526,515
Investments in and advances to subsidiaries	203,047
Current assets	
Cash and cash equivalents	1,426
Accounts receivable, net	302,645
Inventories	5,787
Gas stored underground	305,374
Deferred gas costs	24,645
Other current assets	54,625
Intercompany, net	<u>16,905</u>
Total current assets	711,407
Goodwill	683,779
Deferred charges and other assets	<u>230,902</u>
	<u>\$5,355,650</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity	
Common stock	\$ 408
Additional paid-in capital	1,456,032
Retained earnings	243,956
Accumulated other comprehensive loss	<u>(35,840)</u>
Shareholders' equity	1,664,556
Long-term debt	<u>2,176,361</u>
Total capitalization	3,840,917
Current liabilities:	
Current maturities of long-term debt	1,250
Accounts payable and accrued liabilities	180,630
Short-term debt	297,087
Customers' deposits	104,849
Taxes payable	(985)
Other current liabilities	<u>183,558</u>
Total current liabilities	766,389
Deferred income taxes	290,523
Deferred credits and other liabilities	<u>457,821</u>
	<u>\$5,355,650</u>

11(a) The Applicant's property is comprised primarily of gas utility plant and related facilities of a local distribution company operating in Illinois, Iowa, Georgia, Tennessee, Virginia, Colorado, Kansas, Missouri, Kentucky, Texas, Mississippi and Louisiana. At June 30, 2006 the cost to the Applicant was \$4,922,023,000.

11(b) Not applicable.

11(c) Not applicable.

11(d) Not applicable.

11(e) Not applicable.

11(2) (a) Please refer to 6(1) through 6(9) above.

11(2) (b) The mortgage earlier described in 6(4) has previously been filed with the Commission.

11(2) (c) Not applicable.