



November 8, 2006

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

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COMMISSION

Subject: **Case No. 2006-00425**
PSC Data Request dated November 7, 2006

Dear Ms. O'Donnell:

Enclosed please find Atmos Energy's filing of responses to the First Data Request of Commission Staff, dated November 7, 2006 in Case No. 2006-00425. This filing includes the original and six (6) copies.

Please contact me at your earliest convenience should the Commission or Staff have any questions regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "Gary L. Smith".

Gary L. Smith

Vice President, Marketing & Regulatory Affairs

Enclosures

Cc: Laurie Sherwood
Doug Walther
Randy Hutchinson

1. Refer to page 1 of the application and page 1 of Exhibit A. Atmos states that it is replacing an existing \$600 million credit facility with the proposed \$600 million credit facility in order to lock in more favorable rates and terms.
 - a. Provide a comparison of the rates and terms of the current credit facility and the estimated rate and terms of the proposed credit facility.

Response: The two tables below show the borrowing spreads for both the current three-year facility and the proposed five-year facility. The terms of the facilities are otherwise substantially similar.

Pricing grid for existing three year credit facility:

Level	Senior Debt Rating	Applicable Margin for LIBOR Advances	Applicable Margin for Base Rate Advances	Applicable Commitment Fee Percentage
I	≥A-/A3	0.400%	0%	0.075%
II	BBB+/Baa1	0.475%	0%	0.085%
III	BBB/Baa2	0.550%	0%	0.100%
IV	BBB-/Baa3	0.750%	0%	0.150%
V	≤BB+/Ba1	1.00%	0%	0.200%

Based on the Company's current debt ratings, the Level III spreads and fees apply.

Pricing grid for five-year credit facility:

Level	Senior Debt Rating	Applicable Margin for LIBOR Advances	Applicable Commitment Fee Percentage	Utilization Fee (if > 50% drawn)
I	≥A-/A3	0.300%	0.060%	0.050%
II	BBB+/Baa1	0.350%	0.070%	0.050%
III	BBB/Baa2	0.450%	0.090%	0.050%
IV	BBB-/Baa3	0.600%	0.110%	0.100%
V	≤BB+/Ba1	0.750%	0.125%	0.100%

Based on the Company's current debt ratings, the Level III spreads and fees apply. The applicable margin for base rate advances is still 0% at all ratings levels.

Commonwealth of Kentucky
First Data Request of Commission Staff to Atmos Energy Corporation
Case No. 2006-00425
Witness: Laurie Sherwood

- b. 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”) of 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: Should Atmos borrow directly under the facility, the Company’s Treasurer or Assistant Treasurer would determine the preferred borrowing rate. This decision would be made primarily based on which all-in borrowing rate would be lower. Under some circumstances other factors could be considered, such as the minimum notice period required for borrowings made using each rate.

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

Response: Prime is usually the highest of these three rates, with the Federal Funds rate being lower than Prime but normally higher than LIBOR.

- 2. Refer to page 2 of the application. Atmos states that it will pay an annual fee to the administrative agent and one-time arrangement fees at closing to banks which provide commitments to the credit facility. Provide an estimate of the annual fee and the one-time arrangement fee for the proposed credit facility.**

Response: The annual fee to be paid to the administrative agent for this proposed five-year facility is approximately \$40,000 per year. The one-time arrangement fees will total approximately \$250,000.