TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

August 28, 2000

MEMORANDUM

To: Debra Webb
Dockets

From: Pat Murphy PM
Energy and Water Division

Subject: Request for Docket Number
Nashville Gas Company 00-00759

Our division is currently auditing Nashville Gas Company's Incentive Plan Account for the year ended June 30, 2000. We, therefore, respectfully request that a docket number be assigned for this audit.

Upon assigning a docket number, please advise Betty Patton, so that appropriate files may be set up in our division. We appreciate your assistance in this matter.

cc: Mike Horne

PM00-63

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August 24, 2000

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ENERGY & WATER DIVISION

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REC'D TN REGULATORY AUTH.
OFFICE OF THE EXECUTIVE SECRETARY

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Nashville Gas Company, Docket No. 99-00207

Dear Mr. Waddell:

In accordance with the reporting provisions of Service Schedule No. 14, Performance Incentive Plan, as approved in the above captioned docket, Nashville Gas Company (the "Company") submits the accompanying annual report of shared gas cost savings for the period ended June 30, 2000.

As the summary indicates, the accumulated gains and savings under the plan for the plan year total $2,223,553. Of this amount, $1,272,029 have accrued to the Company's ratepayers. The remaining $951,523 will be credited to the Company's Incentive Plan Account (IPA).

Detailed calculations supporting the amounts shown in the summary for the period July 1999 through April 2000 have previously been provided to the Tennessee Regulatory Authority Staff and the Consumer Advocate. Supporting calculations for May 2000 and June 2000 are provided in this filing subject to the execution of non-disclosure agreements. As permitted by the provisions of the approved tariff, the Company will file a rate adjustment on or about October 1, 2000, to amortize the collection of the June 30, 2000, IPA balance over the 12 month period beginning November 1, 2000, and ending October 31, 2001.

I am enclosing one additional copy of the summary that I would appreciate your stamping "filed" and returning to me in the enclosed envelope.

Sincerely,

Jerry W. Amos By RM

Jerry W. Amos

JWA/lh
Enclosures
c: Vincent Williams, Consumer Advocate
Michael Horne, Tennessee Regulatory Authority

Report on Nashville Incentive Plan
July 1999 - June 2000

Month	Year	Gas Procurement Incentive Mechanism Gain/(Loss) 1/	Nashville GPI Sharing Gain/(Loss) 2/	Ratepayer GPI Sharing Gain/(Loss)	Capacity Management Incentive Mechanism Gain/(Loss)	Nashville CMI Sharing Gain/(Loss) 3/	Ratepayer CMI Sharing Gain/(Loss) 3/	Total Gain/(Loss)	Total Nashville Gain/(Loss)	Total Ratepayer Gain/(Loss)
July	1999	$ (259)	$ -	$ (259)	$ -	$ -	$ -	$ (259)	$ -	$ (259)
August	1999	$ 240,030	$ 110,527	$ 129,502	$ -	$ -	$ -	$ 240,030	$ 110,527	$ 129,502
September	1999	$ (1,321)	$ -	$ (1,321)	$ -	$ -	$ -	$ (1,321)	$ -	$ (1,321)
October	1999	$ 5,374	$ -	$ 5,374	$ 22,404	$ -	$ 22,404	$ 27,779	$ -	$ 27,779
November	1999	$ 2,867	$ -	$ 2,867	$ -	$ -	$ -	$ 2,867	$ -	$ 2,867
December	1999	$ (1,220)	$ -	$ (1,220)	$ 19,851	$ -	$ 19,851	$ 18,631	$ -	$ 18,631
January	2000	$ (5,386)	$ -	$ (5,386)	$ -	$ -	$ -	$ (5,386)	$ -	$ (5,386)
February	2000	$ (4,431)	$ -	$ (4,431)	$ 553	$ -	$ 553	$ (3,878)	$ -	$ (3,878)
March	2000	$ (2,927)	$ -	$ (2,927)	$ 202,919	$ 11,999	$ 190,920	$ 199,992	$ 11,999	$ 187,993
April	2000	$ 2,495	$ -	$ 2,495	$ -	$ -	$ -	$ 2,495	$ -	$ 2,495
May	2000	$ 44,923	$ 10,245	$ 34,678	$ 53,972	$ 12,632	$ 41,340	$ 98,895	$ 22,877	$ 76,018
June	2000	$ (7,284)	$ -	$ (7,284)	$ 1,650,993	$ 806,120	$ 844,873	$ 1,643,709	$ 806,120	$ 837,589
		$ 272,861	$ 120,772	$ 152,088	$ 1,950,692	$ 830,751	$ 1,119,941	$ 2,223,553	$ 951,523	$ 1,272,029

1/ The monthly gain or loss set forth in this column reflects total gains or losses calculated under the gas procurement mechanism, including gains or losses within the one percent deadband.

2/ Nashville GPI sharing reflects 50% of gains or losses calculated under the gas procurement mechanism after application of the one percent monthly deadband .

3/ Nashville sharing percentages range from 0% (up to 1% of annual demand savings), to 10% (1% - 2% savings), to 25% (2% - 3% savings), and to 50% (> 3% savings). Total capacity demand costs for the period are based on estimated annual costs for the plan year. These sharing amounts shall be adjusted based on the actual demand costs incurred, taking into account refunds or surcharges from pipeline and storage supplies.
(See Service Schedule No. 14, page 5)

Distribution:
W.F. Schiefer, D.J. Dzuricky, T.E. Skains, C.W. Fleenor, B.L. Guy, P.C. Gibson, A.H. Boggs, K.P. Maust, B.R. Morris, K.T. Valentine, J.W. Amos