

TENNESSEE REGULATORY AUTHORITY

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

REC'D TN
REGULATORY AUTH.

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

FEB 22 AM 9 31

February 13, 2001

OFFICE OF THE
EXECUTIVE SECRETARY

MEMORANDUM

TO: Sharla Dillon
Dockets

FROM: Pat Murphy *PM*
Energy and Water Division

SUBJECT: Chattanooga Gas Company
Request for Docket Number

01-00172

Our division is currently auditing Chattanooga Gas Company's Deferred Gas Cost Account for the period of July 1, 1999, through June 30, 2000. Accordingly, a copy of the Company's ACA filing is attached. We, therefore, respectfully request that a docket number for this audit be assigned.

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.

Attachment

c: Mike Horne
Betty Patton

Pm01-12



Chattanooga Gas Company

6125 Preservation Drive
Chattanooga, TN 37416
Telephone 1-800-427-5463

RECEIVED
TN REG. AUTHORITY

FEB 9 9 2001

February 9, 2001

ENERGY & WATER DIVISION

Mrs. Pat Murphy
Rate Analyst
Energy and Water Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville TN 37243-0505

Dear Mrs. Murphy,

Enclosed are copies of documents supporting Chattanooga Gas Company's Annual Cost Adjustment (ACA) for the period of July 1999 - June 2000 and the Interruptible Margin Credit Rider (IMCR) for the period of August 1, 1998 - September 30, 2000 filed November 17, 2000. The documents included are:

Document	Description
1	November 17, 2000 PGA Filing
2	Independent Accountants Report on Applying Agree-Upon Procedures prepared by Work & Greer, PC Certified Public Accountants (Work & Greer Report)
3	Spread Sheet "Analysis of Deferred Gas Cost, July 1, 1999 THRU June 30, 2000" identifying for each month July 1999-June 2000 the beginning balance, additions to the deferred gas cost, recovery of gas cost, accrued interest, and the ending balance of deferred Commodity and deferred Demand cost.
4	Purchased Gas Invoices for each month July 1999 - June 2000.
5	Consulting Fee -- Folder
6	Company Use -- Folder
7	Off-System Sales -- Folder
8	LNG - Folder
9	Unbilled -- Folder
10	ACA Amortization Schedule -- Folder
11	Actual Mcfs Billed -- Folder
12	Monthly Sales Volume -- Folder
13	SS-1 -- Folder
14	Supplier Refund -- ACA 99-00 Filing - Folder

As explained in the Work & Greer Report (Document #2 above), the following adjustments were incorporated into the November 17, 2000 filing and are reflected on the spreadsheet:

	Deferred Gas Cost Commodity	Deferred Gas Cost Demand	Deferred Gas Cost Total
Balance June 30, 2000 as originally provide to Auditor	\$2,304,086.48	\$ (211,122.42)	\$2,092,964.06
Storage gas inventory adjustment 6/30/00	361,142.68		361,142.68
LNG inventory adjustment 6/30/00	(5,585.02)		(5,585.02)
LNG boil off corrections	(90,662.03)		(90,662.03)
Actual billings	33,821.00		33,821.00
Removal off-system sale to Enron	(109,500.00)		(109,500.00)
SS-1 margin loss	358.07		358.07
Interest adjustment due to above revision	1,323.00		1,323.00
Balance as of June 30, 2000 as filed.	\$2,494,984.18	\$ (211,122.42)	\$2,283,861.76

The following adjustments proposed in the Work & Greer Report were not made before the filing:

Report Item #	Commodity	Demand
3 Purchase Gas Invoice	(\$1,031.16)	
4 Actual MCF Billed – Nov 99	(1,249.00)	(\$244.00)
9 Off-System Sales Transportation gross up ¹		
10 SS-1 Margin Loss – Dec 99	81.00	
10 SS-1 Margin Loss – April 00	(36.90)	
11 ACA 97-98 Refund	1,492.00	151.00
11 ACA 98-99 Refund	567.00	698.00
	(\$177.06)	\$605.00

The Company agrees with Work & Greers' findings and will record these adjustments. The magnitude of these adjustments are such that we propose that the ACA and IMCR factors developed in the November 17, 2000 filing not be adjusted at this time. Since the corrections will be recorded on the books, these amounts will automatically be included the amount to be recovered or refunded in the ACA filing for July 2000 - June 2001.

In addition to these adjustments, the interest included in the November 17, 2000 Interruptible Margin Credit Rider (IMCR) filing was understated by \$35,585.86.² The computation of the correct interest is shown on Attachment A. We propose that the \$35,585.86 be included in the balance to be recovered in the next IMCR filing.

As addressed above, the firm of Work & Greer, PC, Certified Public Accountants was engaged to review the supporting documents and the procedures used by Chattanooga Gas Company in determining the ACA and IMCR factors. I apologize for the delay in filing the

¹ This adjustment has not yet been computed, but is expected to be immaterial. Once this amount determined the amount of the adjustment will be provided to the TRA.

² (\$90,667 - \$54,798.14 = \$ 35,585.86)

supporting the documentation, but we believed that it was very important that Work & Greer complete the review and that the report be available to the Authority Staff during its review. If you have any questions please call me at 404 584 3855, e-mail me at ahickers@aglresources.com, or write to me at Location 1686, P.O. Box 4569, Atlanta, GA 30302-4569.

Sincerely,


Archie R. Hickerson
Manager-Rates
AGL Resources

Schedul.

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