

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Deborah Taylor Tate, Director
Pat Miller, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

September 4, 2002

MEMORANDUM

To: Sharla Dillon
Dockets

From: Pat Murphy *PM*
Energy and Water Division

Subject: Request for Docket Number
Chattanooga Gas Company

DOCKET NO.

02-00929

Our division is currently auditing Chattanooga Gas Company's Actual Cost Adjustment filing for the year ended June 30, 2002. 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: Dan McCormac

PM02-33.cgcaca



Chattanooga Gas Company

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

RECEIVED
TN REG. AUTHORITY
AUG 30 2002
ENERGY & WATER DIVISION

August 30, 2002

Chairman Sara Kyle
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Chattanooga Gas Company Report of Transactions in the Deferred Gas Cost Account in compliance with Tennessee Regulatory Authority Administrative Rule 1220-4-7-.03(2).

Dear Chairman Kyle,

Attached is the Summary of the Transactions in Chattanooga Gas Company's Deferred Gas Cost Account for the twelve months ended June 30, 2001 (Attachment A.) as required by Tennessee Regulatory Authority Administrative Rule 1220-4-7-.03(2). The detailed supporting documents are being provided separately to the Energy and Water Division of the Tennessee Regulatory Authority.

The beginning balance in the Deferred Gas Cost Account, (June 30, 2001), has been adjusted in accordance with findings in the Compliance Audit Report of the Actual Cost Adjustment Component of the Purchased Gas Adjustment Rule for Chattanooga Gas Company prepared by the Energy and Water Division of the Tennessee Regulatory Authority, April 2002 (Docket No. 01-01010).

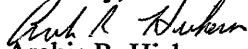
Also enclosed are revisions to Chattanooga Gas Tariff No. 1:

Seventy-First Revised Sheet No. 55

These revisions reflect the implementation of the 2001-2002 ACA factor effective October 1, 2002 and the termination of the 2000-2001 ACA factor that was effective December 1, 2001.

If you have any questions please call me at 404 584 3855.

Sincerely,


Archie R. Hickerson
Manager-Rates

C: Mr. Dan McCormac
Mr. Earl Burton
Ms. Amanda Hwang
Mr. Hal Novak
Mr. Russell Perkins

CHATTANOOGA GAS COMPANY
ANALYSIS OF DEFERRED GAS COST
JULY 1, 2001 THRU JUNE 30, 2002

ATTACHMENT A
PAGE 1

BEG. BALANCE-COMMODITY	JULY 01	AUG	SEPT	OCT	NOV	DEC	JAN 02	FEB	MARCH	APRIL	MAY	JUNE	TOTAL
COST OF GAS PURCHASED - COMMODITY	5,286,709.61	5,033,312.99	4,953,601.30	4,791,179.34	4,191,922.82	6,360,844.21	7,563,284.33	8,679,509.75	8,721,987.35	10,004,333.03	9,897,062.07	9,537,028.46	5,286,709.61
Spot Market & Transportation	1,484,175.69	1,454,233.35	597,134.21	1,497,460.71	4,801,297.59	3,207,691.19	3,915,742.31	2,246,991.78	634,265.38	607,765.54	679,512.89	886,942.11	21,993,212.75
Other Suppliers-End Users	205,687.63		67,406.33	172,323.36	56,332.49	(2,119.32)	118,269.36	11,201.40	118,209.21	29,022.00	59,040.90		833,370.36
Storage Withdrawals	90,944.27	292,265.27	78,498.17	1,195,139.51	56,495.16	1,746,667.01	1,653,350.28	2,281,056.99	2,987,189.50	961,410.08	722,780.52	566,793.71	12,642,821.45
LNG Sell-off	136,818.75	168,823.58	123,433.37	274,807.28	220,545.10	188,883.85	378,613.94	451,621.20	550,307.06	143,138.49	86,260.73	94,034.80	2,817,288.15
LNG Inventory Adjustment													0.00
Consulting Fees		2,268.00			1,391.25								0.00
Taxes													3,669.25
TOTAL	1,917,626.34	1,917,626.20	866,473.08	3,139,730.86	5,136,061.59	5,141,122.73	6,063,975.87	4,990,871.37	4,299,668.15	1,741,336.11	1,547,996.04	1,527,770.62	38,280,151.96
Company Use	(1,986.11)	(2,682.77)	(88.35)	(88.35)	(88.35)	(88.35)	(88.35)	(88.35)	(88.35)	(88.35)	(88.35)	(88.35)	(4,845.58)
Storage Injections	(1,356,095.90)	(591,087.81)	(10,821.55)	(29,508.21)	(253,992.30)	(103,129.45)	(80,765.41)	(67,887.38)	(46,162.91)	(9,371.06)	(41,257.36)	(615,547.74)	(3,214,377.08)
Off-System Sales													0.00
LNG Liquidation & Fuel	559,544.33	1,226,027.18	855,763.18	1,544,145.18	3,837,351.89	4,650,271.98	5,974,210.46	4,922,973.99	4,253,805.24	1,731,965.05	1,508,337.88	912,222.88	31,974,619.04
TOTAL GAS PURCHASED	(97,822.44)												(3,096,310.26)
COST OF GAS RECOVERED - COMMODITY	1,005,633.87	993,009.00	1,099,292.88	1,278,216.00	2,044,159.55	2,401,920.76	4,877,966.31	4,091,639.00	3,434,079.00	2,961,817.61	1,799,777.09	1,387,862.23	27,185,393.30
Current Month Unbilled	977,071.00	1,290,739.00	1,176,705.00	1,996,913.00	2,562,519.00	3,349,313.00	3,327,970.00	2,403,741.00	1,036,534.00	1,036,534.00	1,036,534.00	638,675.00	22,786,395.00
Prior Month Unbilled	(1,185,518.00)	(977,071.00)	(1,290,739.00)	(1,176,705.00)	(1,996,913.00)	(2,562,519.00)	(3,349,313.00)	(3,005,967.00)	(3,327,970.00)	(2,403,741.00)	(1,036,534.00)	(638,675.00)	(23,333,208.00)
ACA Refund	62,631.00	64,495.00	75,416.00	81,308.00	131,647.00	311,863.00	609,652.00	533,921.00	537,024.00	311,408.00	167,376.00	126,679.00	415,497.00
1999-2000													0.00
2000-2001													0.00
ACA Surcharges													2,697,923.00
1995-1998													0.00
1998-1997													0.00
TOTAL RECOVERY	859,817.87	1,371,172.00	1,090,674.88	2,179,732.00	2,761,412.55	3,480,577.76	4,944,262.31	4,947,573.00	3,046,874.00	1,905,918.61	1,531,047.09	1,162,908.23	29,851,970.30
SS-1 (Negotiated Margin Loss)	33,552.92	33,122.13	10,961.74	10,950.30	35,213.05	13,328.90	28,169.27	26,278.61	31,510.44	27,124.80	26,046.80	33,615.87	309,874.63
WNA 2000-2001 Under-recovery					66,159.00								66,159.00
Bad Debt Recovery 2000-2001**					861,795.00								861,795.00
MONTHLY ACTIVITY - COMMODITY													
ENDING BALANCE	(266,720.62)	(112,022.69)	(193,949.99)	(624,638.62)	2,139,108.39	1,185,023.12	1,058,117.42	1,679.60	1,238,441.68	(146,828.99)	(398,682.61)	(217,069.48)	3,660,477.37
AVERAGE ENDING BALANCE	4,889,968.99	4,921,290.30	4,759,651.34	4,166,502.82	6,331,029.21	7,543,867.33	8,641,381.75	8,681,189.35	9,960,429.03	9,857,504.07	9,439,958.98	8,827,186.98	
INTEREST	5,133,349.30	4,977,301.65	4,856,626.32	4,778,861.08	5,261,476.02	6,952,355.77	8,112,323.04	8,860,349.55	9,341,208.19	9,930,918.55	9,697,730.77	9,428,493.72	7,096,948.30
CUMM. END. BAL.-COMMODITY	33,324.00	32,311.00	31,528.00	25,390.00	29,815.00	39,397.00	38,128.00	40,798.00	43,904.00	39,558.00	38,623.00	37,557.00	430,329.00
5,033,312.99	4,953,601.30	4,791,179.34	4,191,922.82	6,360,844.21	7,563,284.33	8,679,509.75	8,721,987.35	10,004,333.03	9,897,062.07	9,537,028.46	9,357,515.98	9,357,028.46	
BEGINNING BALANCE - DEMAND													
(2,627,446.60)	(2,021,177.50)	(1,544,391.99)	(919,286.51)	(695,561.03)	(681,922.39)	(873,965.37)	(1,235,756.22)	(1,679,143.07)	(1,588,901.79)	(1,044,668.50)	(640,079.21)	(2,627,446.60)	
COST OF GAS PURCHASED - DEMAND													
Pipeline Demand	966,563.84	966,370.40	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	
TOTAL GAS PURCHASED	966,563.84	966,370.40	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	966,563.84	
Company Use	(684.78)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	(1,019.20)	
TOTAL	965,879.05	965,351.20	965,553.68	965,553.68	965,553.68	965,553.68	965,553.68	965,553.68	965,553.68	965,553.68	965,553.68	965,553.68	
COST OF GAS RECOVERED - DEMAND													
Actual Billings	373,317.95	341,337.69	404,305.50	468,001.50	788,159.20	952,658.28	1,854,242.28	1,615,584.28	1,713,228.15	1,114,002.14	633,662.14	510,074.68	10,736,812.79
Current Month Unbilled	336,881.00	480,382.00	437,622.00	742,651.00	980,446.00	1,345,446.00	1,207,524.00	1,336,873.00	830,380.00	388,884.00	375,284.00	207,815.00	8,690,093.00
Prior Month Unbilled	(346,432.00)	(356,881.00)	(490,362.00)	(437,622.00)	(742,651.00)	(980,446.00)	(1,345,446.00)	(1,207,524.00)	(830,380.00)	(388,884.00)	(375,284.00)	(207,815.00)	(8,690,093.00)
ACA Refund	(19,197.00)	(17,788.00)	(18,110.00)	(22,796.00)	(36,913.00)	(199,778.00)	(393,850.00)	(343,153.00)	(339,287.00)	(208,954.00)	(112,870.00)	(90,158.00)	(114,808.00)
2000-2001													0.00
ACA Surcharges													0.00
1995-1998													0.00
1996-1997													0.00
TOTAL RECOVERY	344,569.95	477,029.69	333,456.50	738,241.50	949,033.20	1,137,881.28	1,322,467.28	1,407,790.28	867,336.15	485,682.14	507,212.14	252,447.68	8,797,127.79
ENDING BALANCE	(2,006,137.50)	(1,532,855.89)	(911,317.51)	(630,969.03)	(678,030.39)	(689,190.37)	(1,320,813.22)	(1,672,309.07)	(1,581,239.70)	(1,083,324.50)	(633,662.14)	(252,447.68)	21,993,212.75
AVERAGE ENDING BALANCE	(2,316,792.05)	(1,771,016.75)	(1,227,854.75)	(805,143.77)	(686,795.71)	(775,556.38)	(1,052,199.30)	(1,454,033.65)	(1,630,191.43)	(1,359,113.15)	(865,644.86)	(283,663.34)	(1,238,557.53)
INTEREST	(15,040.00)	(11,536.00)	(7,971.00)	(4,592.00)	(3,892.00)	(4,395.00)	(6,834.00)	(7,682.00)	(6,334.00)	(5,344.00)	(3,448.00)	(1,130.00)	(76,749.00)
CUMM. END. BAL.-DEMAND	(2,021,177.50)	(1,544,391.99)	(919,286.51)	(695,561.03)	(681,922.39)	(873,965.37)	(1,235,756.22)	(1,679,143.07)	(1,588,901.79)	(1,044,668.50)	(640,079.21)	(2,627,446.60)	
ENDING BALANCE - TOTAL	3,012,135.49	3,409,209.31	3,871,860.83	3,495,381.79	5,678,921.82	6,709,078.96	7,443,751.53	7,442,844.28	8,415,431.24	8,802,403.57	8,896,949.25	9,429,088.52	
MTLY INTEREST RATE	0.6492%	0.6492%	0.6492%	0.6667%	0.6667%	0.6667%	0.4700%	0.4700%	0.4700%	0.3963%	0.3963%	0.3963%	0.3963%
YRLY INTEREST RATE	7.79%	7.79%	7.79%	7.79%	7.79%	7.79%	5.64%	5.64%	5.64%	4.78%	4.78%	4.78%	4.78%

** Bad debt recovery will be reported and filed in December 2002. Recovery amount and interest charge will then credit back to ACA and refunded to the rate payer at that time.

CHATTANOOGA GAS COMPANY
ACA SURCHARGE EFFECTIVE: Oct 1, 2002

Attachment A
Page 2

ALLOCATION OF ACA REFUND/UNDERRECOVERY TO RATE CLASS CLASSIFICATIONS
BASED ON VOLUMES FOR TWELVE MONTHS ENDING JULY, 2002

Rate Schedule	Contract Demand	Annual Commodity Mcf Sales	Demand	Commodity	Total	Demand Per Unit	Demand	Commodity	Total (\$/mcf)
I-1	8,972	425,353	\$ 4,587	\$ 470,232	\$ 474,820	0.0426		\$ 1.1055	\$ 1.1055
L-1		185,629	\$ -	\$ 205,215	\$ 205,215			\$ 1.1055	\$ 1.1055
T-2			\$ -	\$ -	\$ -				
All Other	131,028	6,983,446	\$ 66,995	\$ 7,720,274	\$ 7,787,269		\$ 0.0096	\$ 1.1055	\$ 1.1151
V-1			\$ -	\$ -	\$ -				
TOTAL	140,000	7,594,428	71,583	8,395,720.98					

DESCRIPTION OF REFUND ITEM

	Demand	Commodity	Total
ACA 01-02 (cumulative balance through June 02)	\$ 71,583	\$ 9,357,516	\$ 9,429,099
Less Bad Debt Recovery to be included in first ACA filing after Dec. 2002		\$ (961,795)	\$ (961,795)
TOTAL	\$ 71,583	\$ 8,395,721	\$ 8,467,304

CURRENT LEVEL OF SURCHARGES AND REFUND CREDITS

AMOUNTS INDICATED BELOW APPLY TO THE BILLING DETERMINANTS
OF EACH INDIVIDUAL TARIFF

RATES Billing Unit:	I-1 Demand MCF	I-1 Commodity MCF	L-1 Commodity MCF	T-1 Commodity MCF	T-2 Demand MCF	T-2 Commodity MCF	All Other CCF	A/C CCF	V-1 CCF
IMCR Refund 00-01*	(0.23680)	0.00000	0.00000	0.00000	0.00000	0.00000	(0.00511)	(0.00510)	0.00000
ACA Surcharge 01-02**	0.0426	1.1055	1.1055	0.0000	0.0426	0.0000	0.1115	0.1115	0.0000
TOTAL	(0.19420)	1.10550	1.10550	0.00000	0.04260	0.00000	0.10640	0.10640	0.00000
	=====	=====	=====	=====	=====	=====	=====	=====	=====

*IMCR refund made effective April 1, 2002 for a period of 12 months or longer as may be required to refund IMCR balance.

**ACA 01-02 surcharge made effective October 1, 2002, for a period of 12 months or shorter as may be required to collect PGA under-recovery.

EFFECTIVE:

October 1, 2002