TENNESSEE REGULATORY AUTHORITY

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

October 29, 2002

MEMORANDUM

To: Sharla Dillon
Dockets

From: Pat Murphy PM
Energy and Water Division

Subject: Request for Docket Number
Counce Natural Gas Company

DOCKET NO. 02-01182

Our division is currently auditing Counce Natural Gas Company's Actual Cost Adjustment filing for the year ended September 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

PM02-42couaca

COUNCE NATURAL GAS COMPANY
Actual Cost Adjustment
10/1/01 - 9/30/02

1. Each year, be sure to change all dates to reflect the current filing.
2. Change the beginning balance to reflect the ending balance from the previous filing.
3. Save this file as a separate file (i.e. "2001-2002 Filing,") so as to preserve this template for future use.

Line No.	Month (a)	Beginning Balance (b)	Invoiced Gas Costs Dkt (c)	Invoiced Gas Costs Costs (d)	Recoveries Sales (Mcf) (e)	ACA Factor (f)	ACA Recoveries (g)	Sales (Mcf) (h)	PGA Factor (i)	PGA Recoveries (j)	Total Recoveries (k)	Ending Balance (l)
1	Oct-01	(12,616.41)	1,318	7,842.10	1,299	0.5246	681.46	1,299	5.9500	7,729.05	8,410.51	(13,184.82)
2	Nov-01	(13,184.82)	1,591	10,061.45	1,567	0.5246	822.05	1,567	5.9500	9,323.65	10,145.70	(13,269.06)
3	Dec-01	(13,269.06)	2,875	17,106.25	2,414	0.5246	1,266.38	2,414	5.9500	14,363.30	15,629.68	(11,792.50)
4	Jan-02	(11,792.50)	3,635	21,628.25	4,235	0.5246	2,221.68	4,235	**5.9500**	25,198.25	27,419.93	(17,584.18)
5	Feb-02	(17,584.18)	3,560	21,182.00	3,121	(0.6643)	(2,073.28)	3,121	**5.9500**	18,569.95	16,496.67	(12,898.85)
6	Mar-02	(12,898.85)	2,684	15,969.80	2,808	(0.6643)	(1,865.35)	2,808	5.9500	16,707.60	14,842.25	(11,771.29)
7	Apr-02	(11,771.29)	1,116	6,640.20	1,527	(0.6643)	(1,014.39)	1,527	5.9500	9,085.65	8,071.26	(13,202.36)
8	May-02	(13,202.36)	883	5,253.85	787	(0.6643)	(522.80)	787	5.9500	4,682.65	4,159.85	(12,108.35)
9	Jun-02	(12,108.35)	592	3,522.40	725	(0.6643)	(481.62)	725	5.9500	4,313.75	3,832.13	(12,418.09)
10	Jul-02	(12,418.09)	546	3,248.70	617	(0.6643)	(409.87)	617	5.9500	3,671.15	3,261.28	(12,430.66)
11	Aug-02	(12,430.66)	465	2,766.75	386	(0.6643)	(256.42)	386	5.9500	2,296.70	2,040.28	(11,704.19)
12	Sep-02	(11,704.19)	475	2,826.25	594	(0.6643)	(394.59)	594	5.9500	3,534.30	3,139.71	**(12,017.65)**
			19,740	118,048.00	20,080		(2,026.76)	20,080		119,476.00	117,449.24	

13	Invoiced Gas Costs (10/1/01 - 9/30/02)	118,048.00
14	Gas Cost Recovered (10/1/01 - 9/30/02)	119,476.00
15	Under/(Over) Recovery	(1,428.00)
16	ACA Surcharges/(Refunds) (10/1/01 - 9/30/02)	(2,026.76)
17	Interest	0.57
18	Beginning Balance at 9/30/01	(12,616.41)
19	**ACA BALANCE INCLUDING INTEREST at 9/30/02 (line15 - line16+line 17 + line 18)**	(12,017.08)
17	Prior 12 months sales (Oct. 2001 - Sept. 2002)	20,080
18	**ACA FACTOR (line 16/line 17)**	(0.5985)

COUNCE NATURAL GAS COMPANY
Actual Cost Adjustment
10/1/01 - 9/30/02
Interest Calculation

Correct interest rates for the current filing as indicated below.

Line No.	Month (a)	Beginning Balance (b)	Costs (c)	Recoveries (d)	Ending Balance (Before Int.) (e)	Average Monthly Balance (f)	Interest (g) A/	Ending Balance With Interest (h)
1	Oct-01	(12,616.41)	7,842.10	8,410.51	(13,184.82)	(12,900.62)	4.78%	(13,184.77)
2	Nov-01	(13,184.77)	10,061.45	10,145.70	(13,269.02)	(13,226.90)	4.78%	(13,268.97)
3	Dec-01	(13,268.97)	17,106.25	15,629.68	(11,792.40)	(12,530.69)	4.78%	(11,792.36)
4	Jan-02	(11,792.36)	21,628.25	27,416.93	(17,581.04)	(14,686.70)	4.78%	(17,580.99)
5	Feb-02	(17,580.99)	21,182.00	16,496.67	(12,895.66)	(15,238.32)	4.78%	(12,895.61)
6	Mar-02	(12,895.61)	15,969.80	14,842.25	(11,768.06)	(12,331.84)	4.75%	(11,768.01)
7	Apr-02	(11,768.01)	6,640.20	8,071.26	(13,199.07)	(12,483.54)	4.75%	(13,199.03)
8	May-02	(13,199.03)	5,253.85	4,159.85	(12,105.03)	(12,652.03)	4.75%	(12,104.98)
9	Jun-02	(12,104.98)	3,522.40	3,832.13	(12,414.71)	(12,259.84)	4.75%	(12,414.66)
10	Jul-02	(12,414.66)	3,248.70	3,261.28	(12,427.24)	(12,420.95)	4.75%	(12,427.19)
11	Aug-02	(12,427.19)	2,766.75	2,040.28	(11,700.72)	(12,063.96)	4.75%	(11,700.68)
12	Sep-02	(11,700.68)	2,826.25	3,139.71	(12,014.14)	(11,857.41)	4.75%	(12,014.09)
13			118,048.00	117,446.25			0.57	

A/ Interest rates for the audit period are as follows:

4th Quarter	2001
1st Quarter	2002
2nd Quarter	2002
3rd Quarter	2002

Enter appropriate years on lines provided.
Enter correct interest rates for the quarters in the shaded cells.
Interest rates are provided by the TRA in a letter each quarter.