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T.R.A. DOCKET ROOM

December 3, 2003

VIA HAND DELIVERY

Deborah Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219

Re: Petition of Chattanooga Gas Company, Nashville Gas Company, a division of Piedmont Natural Gas Company, Inc. and Atmos Energy Corporation for a Declaratory Ruling regarding the Collectibility of the Gas Cost Portion of Uncollectable Accounts under the Purchase Gas Adjustment ("PGA") Rules
Docket No. 03-00209

Dear Chairman Tate:

This letter is filed pursuant to the Order, dated November 24, 2003, issued by Pre-Hearing Officer Kim Beals in the above-referenced Docket granting in part Motion to Take Notice of Dockets. The Pre-Hearing Officer directed that all documents of which official notice will be taken to be filed in this Docket. The documents identified in the Petitioners' Motion and the Pre-Hearing Officer's Order were filed with the TRA on November 3, 2003 as part of the Supplemental Responses to Data Request Number 23 to the Consumer Advocate and Protection Division ("CAPD"), except as stated below.

The Order in Docket No. 01-00802 was filed in the Docket on October 1, 2003 as Exhibit 1 to the CAPD's Memorandum in Support of Motion for Summary Judgment. The Second Amended and Restated Joint Application for Approval of Treatment of Uncollectible Accounts, the Amended and Restated Joint Application for Approval of Deferred Accounting and Joint Application for Approval of Deferred Accounting in Docket Number 01-00802 are attached. The transcript for the proceedings of the August 18, 2003 Authority Conference is on file in the Docket Room at the TRA; however attached are pages 11 and 12 of the transcript which pertain to Docket Number 03-00373, Chattanooga Gas Company Weather Normalization Adjustment Audit.

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The Petitioners apologize for the delay in responding to the Pre-Hearing Officer's directive. However most of the documents have already been filed in this Docket. All of the documents to be officially noticed have been specifically identified and are on file at the TRA and no prejudice has been caused by the slight delay in filing the attached documents in the Docket.

Sincerely,

D. Billye Sanders

D. Billye Sanders
Attorney for Chattanooga Gas Company

DBS/hmd
Enclosures

cc: Shilina Chatterjee, Esq.
Archie Hickerson
Bill Morris
James Jeffries, Esq.
Patricia Childers
Joe A. Conner, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

APPLICATION OF UNITED CITIES GAS)
COMPANY, A DIVISION OF ATMOS ENERGY,)
INC., NASHVILLE GAS COMPANY, A) DOCKET NO. 01-00802
DIVISION OF PIEDMONT NATURAL GAS)
COMPANY, INC. AND CHATTANOOGA)
GAS COMPANY FOR APPROVAL OF)
DEFERRED ACCOUNTING)

SECOND AMENDED AND RESTATED JOINT APPLICATION
FOR APPROVAL OF TREATMENT OF UNCOLLECTIBLE ACCOUNTS

This Second Amended and Restated Joint Application for Approval of Deferred Accounting supercedes the previous applications filed under Docket No. 01-00802 on September 14, 2001 and September 17, 2001. After consultation with the staff (the "Staff") of the Tennessee Regulatory Authority ("TRA") or ("Authority") and the Consumer Advocate and Protection Division of the Office of the Attorney General (the "CAD"), the Applicants, as defined below, have elected to modify the application to accommodate the recommendations of the Staff and the CAD. The Applicants also incorporate by reference their respective responses to the data requests submitted by the Staff on September 28, 2001.

United Cities Gas Company ("UCG"), Division of Atmos Energy, Inc., Nashville Gas Company ("Nashville Gas"), Division of Piedmont Natural Gas Company, Inc. and Chattanooga Gas Company ("Chattanooga Gas") (collectively the "Applicants") respectfully request that the Authority approve the proposed treatment of certain gas costs related to uncollectible accounts, and, in support thereof, respectfully show the following:

C MSK 227555 v6
830844-00079 10/18/2001

1. It is requested that any notices or other communications with respect to this application be sent to the following individuals on behalf of the respective Applicants:

A. For UCG:

Patricia Childers
Vice President of Regulatory Affairs
United Cities Gas Company
810 Crescent Centre Drive, Suite 600
Franklin, TN 37067-6226
Telephone: (615) 771-8332

Joe A. Conner
Baker, Donelson, Bearman & Caldwell, P.C.,
1800 Republic Centre
633 Chattanooga, TN 37450-1800
Telephone: (423) 756-2010.

B. For Nashville Gas:

Ware F. Schiefer
President and Chief Executive Officer
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Bill R. Morris
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Charlotte, NC 28202
Telephone: (704) 417-3000

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830844-00079 10/18/2001

C. For Chattanooga Gas:

Earl Burton, Manager
Marketing/Rates
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Archie Hickerson, Manager-Rates
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Each of the Applicants is properly authorized and engaged in the business of furnishing natural gas to customers located in various communities in Tennessee. As public utilities operating natural gas distribution businesses in the State, the Applicants are subject to the regulation and supervision of the Authority pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

2. Due to the dramatic increase in the wholesale cost of gas during the 2000-2001 winter heating season, coupled with the colder-than-normal weather conditions during the months of November and December of 2000, customers of each of the Applicants experienced gas bills significantly higher than those for the same period for the previous winter. In fact, the wholesale gas costs were significantly higher than experienced in the previous ten winter heating seasons. The prospect of excessive disconnects was of great concern to the TRA as expressed at the TRA's conference on February 6, 2001. In responding to the TRA's concerns the companies

made every effort to extend payment plans and offer budget billing. In so doing, the companies adopted a policy of not conducting "business as usual" including not disconnecting customers in accordance with tariff provisions. The Applicants took measures throughout the previous winter heating season and thereafter to mitigate the effects of the high wholesale prices by providing customers with deferred payment plans that allowed payments to be spread over a number of months rather than paid in full at the time of billing. Under the various plans offered by the Applicants, service was not terminated to the individual customers as long as payment terms agreed to by the customers were being honored. In addition, each of the Applicants has a budget-billing program that is designed to allow customers to spread their bill payments over a one-year period. These programs were especially helpful to customers on fixed incomes and to other customers who had difficulty paying their gas bills.

3. Despite the efforts of the Applicants to work with their customers in dealing with the significantly higher wholesale gas costs, each of the companies experienced an unprecedented increase in the level of its bad-debt expenses in Tennessee associated with uncollectible accounts. Consequently, the total net write-offs attributable to uncollectible account expenses incurred by the Applicants are $1,572,202 for UCG, $1,505,000 for Nashville Gas and $1,397,938 for Chattanooga Gas through the end of their respective fiscal years. The Applicants view the magnitude of the write-off of these bad debts as extraordinary.

4. Each of the Applicants' respective tariffs allows a certain amount to be recovered in the cost of service for uncollectible account expenses. Specifically as of the last rate case for each Applicant, UCG is permitted to recover $130,117, Nashville Gas is permitted to recover $410,837, and Chattanooga Gas is permitted to recover $138,006 in the cost of service for uncollectible account expenses. The gas cost portion of the uncollectible account expenses

currently allowed in the respective tariffs is $99,927 for UCG, $279,262 for Nashville Gas and $105,350 for Chattanooga Gas. Clearly, the magnitude of the uncollectible accounts experienced by the Applicants during the 2000-2001 winter heating season and thereafter is far in excess of the amounts currently allowed for uncollectible account expenses in the respective tariffs.

5. "The Purchased Gas Adjustment ('PGA') Rules are intended to permit the company to recover, in a timely fashion, the total cost of gas purchased for delivery to its customers and to assure that the company does not over-collect or under-collect gas costs from its customers."[1] Therefore, Applicants' request for relief is consistent with the intent of the PGA Rule. Unless the Authority grants appropriate relief, the Applicants will be required to absorb substantial costs that will not be recovered in the currently allowed rates. These excessive expenses are obviously outside the norm and were not caused by the actions and/or inactions of the Applicants. The Applicants contend that it would be unfair to require them to absorb these costs when the excessive expenses arose in large part due to the Applicants' attempts to mitigate the impact on their customers by working out payment plans which were not honored by the customers. Furthermore, each of the Applicants can demonstrate that significant efforts were made to collect the delinquent accounts during the current year, and each of the Applicants will continue to diligently attempt to collect all delinquent accounts, which have been debited to the Unrecovered Purchased Gas Costs-Federal Energy Regulatory Commission Account No. 191 ("FERC Account No. 191"), and to credit the gas portion of the accounts previously written off to FERC Account No. 191 for the benefit of the ratepayers, the approval of which is sought in this Application.

[1] TRA Rule 1220-4-7-.02(1)

6. For the reasons set forth above, the Applicants respectfully request the Authority to permit them to defer pursuant to TRA Rule 1220-4-1-12 and their respective tariffs under the PGA rider provisions the difference between the gas cost portion of the actual net write-offs for each LDCs' current fiscal period and the gas cost portion of uncollectible account expenses currently allowed in their base rates.

The amount of gas cost which each Applicant is seeking to defer pursuant to TRA Rule 1220-4-1-12 is calculated as follows:

	UCG	Nashville Gas	Chattanooga Gas
Total Net Write-off	$1,572,202	$1,505,000	$1,397,938
Gas Cost Portion	1,207,422	1,023,007	1,067,145
Less Gas Cost in Base Rates	(99,927)	(279,262)	(105,350)
Amount Deferred	**$1,107,495**	**$ 743,745**	**$ 961,795**

The gas cost recovery component on all amounts received from customers on previously written off accounts will be credited to the deferred gas accounts for the benefit of the ratepayers through December 31, 2002. The gas cost recovery component on collections will be calculated using the same percentage as that used in determining the amount of the uncollectible deferral. The deferred gas accounts will be finally reconciled as of December 31, 2002 to reflect the net recovery after credits for payments received on the written-off amounts. The respective reconciliations will be included in each Applicant's first Actual Cost Adjustment ("ACA") audit filing after December 31, 2002.

The fiscal years for UCG and Chattanooga Gas end on September 30, 2001 and the fiscal year for Nashville Gas ends on October 31, 2001. Unless the TRA approves this application, the Applicants' reported earnings, their ability to raise capital and their ability to maintain the current level of service may be adversely affected.

7. The Applicants have responded to data requests by the Staff and described in detail their plans to work with the customers who have been disconnected due to failure to pay

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for service. The Applicants will continue to work with their customers who were disconnected due to delinquent accounts to encourage them to make payments on delinquent accounts and to facilitate the reconnection of their services.

WHEREFORE, Applicants respectfully pray that the Authority issue an order approving the relief requested above.

Respectfully submitted this 19th day of October, 2001.

United Cities Gas Company, a Division of Atmos Energy, Inc.

By: Joe A. Conner by J by permission
Joe A. Conner
Its Attorney
Baker, Donelson, Bearman & Caldwell, P.C.
1800 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
(423) 756-2010

Nashville Gas, a Division of Piedmont Natural Gas Company, Inc.

By: Jerry W. Amos by J by permission
Jerry W. Amos
Its Attorney
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Chattanooga Gas Company

By: D. Billye Sanders by J.
D. Billye Sanders by permission
Its Attorney
Waller Lansden Dortch & Davis PLLC
511 Union Street, Suite 2100
Nashville, TN 37219-1760
(615) 244-6380

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, postage prepaid, to the following parties of interest this 19th day of October, 2001.

Richard Collier
General Counsel, Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Timothy C. Phillips
Office of Attorney General and Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202

James A. DeLanis

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BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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EXECUTIVE SECRETARY

IN RE:	)	
	)	
APPLICATION OF UNITED CITIES GAS COMPANY, A DIVISION OF ATMOS ENERGY, INC., NASHVILLE GAS COMPANY, A DIVISION OF PIEDMONT NATURAL GAS COMPANY, INC. AND CHATTANOOGA GAS COMPANY FOR APPROVAL OF DEFERRED ACCOUNTING	))))))))	DOCKET NO. 01-00802

AMENDED AND RESTATED JOINT APPLICATION FOR APPROVAL OF DEFERRED ACCOUNTING

This Amended and Restated Joint Application for Approval of Deferred Accounting supercedes the previous application filed under Docket No. 01-00802 on September 14, 2001.

United Cities Gas Company ("UCG"), Division of Atmos Energy, Inc., Nashville Gas Company ("Nashville Gas"), Division of Piedmont Natural Gas Company, Inc. and Chattanooga Gas Company ("Chattanooga Gas") respectfully request that the Tennessee Regulatory Authority ("TRA") or ("Authority") approve the deferral of certain costs related to uncollectible accounts, and, in support thereof, respectfully show the following:

1. It is requested that any notices or other communications with respect to this application be sent to the following individuals on behalf of the respective Applicants:

A. For UCG:

Patricia Childers
Vice President of Regulatory Affairs
United Cities Gas Company
810 Crescent Centre Drive, Suite 600
Franklin, TN 37067-6226
Telephone: (615) 771-8332

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Telephone: (423) 756-2010.

B. For Nashville Gas:

Ware F. Schiefer
President and Chief Executive Officer
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, NC 28233
Telephone: (704) 364-3120

Bill R. Morris
Director - Rates
Piedmont Natural Gas Company, Inc.
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Earl Burton, Manager
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Chattanooga Gas Company
6125 Preservation Drive
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Archie Hickerson, Manager-Rates
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D. Billye Sanders
Waller Lansden Dortch & Davis PLLC
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Telephone: (615) 244-6380
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Each of the Applicants is properly authorized and engaged in the business of furnishing natural gas to customers located in various communities in Tennessee. As public utilities operating natural gas distribution businesses in the State, the Applicants are subject to the regulation and supervision of the Authority pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

2. Due to the dramatic increase in the wholesale cost of gas during the 2000-2001 winter heating season, coupled with the colder-than-normal weather conditions during the months of November and December of 2000, customers of each of the applicants experienced gas bills significantly higher than those for the same period for the previous winter. In fact, the wholesale gas costs were significantly higher than experienced in the previous ten winter heating seasons. The Applicants took measures throughout the previous winter heating season and thereafter to mitigate the effects of the high wholesale prices by providing customers with deferred payment plans that allowed payments to be spread over a number of months rather than paid in full at the time of billing. Under the various plans offered by the Applicants, service was not terminated to the individual customers as long as payment terms agreed to by the customers were being honored. In addition, each of the Applicants has a budget-billing program that is designed to allow customers to spread their bill payments over a one-year period. These programs were especially helpful to customers on fixed incomes and to other customers who had difficulty paying their gas bills.

3. Despite the efforts of the Applicants to work with their customers in dealing with the significantly higher wholesale gas costs, each of the companies experienced an unprecedented increase in the level of its bad-debt expenses in Tennessee. Consequently, the actual net write-offs by the Applicants are anticipated to be approximately $2,700,000 for UCG and $1,535,000 for Nashville Gas through the end of their respective fiscal years. Chattanooga Gas' anticipated write-off will be submitted in a subsequent filing. The Applicants view the magnitude of the write-off of these bad debts as extraordinary.

4. Each of the Applicants' respective tariffs allows a certain amount to be recovered in the cost of service for uncollectible account expenses. Specifically as of the last rate case for each Applicant, UCG is permitted to recover $130,117, Nashville Gas is permitted to recover $410,837, and Chattanooga Gas is permitted to recover $138,006 in the cost of service. Clearly, the magnitude of the uncollectible accounts experienced by the Applicants during the 2000-2001 winter heating season and thereafter is far in excess of the amounts currently allowed for uncollectible account expenses in the respective tariffs.

5. Unless the Authority grants appropriate relief, the applicants will be required to absorb substantial costs that will not be recovered in the currently allowed rates. These excessive expenses are obviously outside the norm and were not caused by the actions and/or inactions of the Applicants. The Applicants contend that it would be unfair to require them to absorb these costs when the excessive expenses arose in large part due to the Applicants' attempts to mitigate the impact on their customers by working out payment plans which were not honored by the customers. Furthermore, each of the Applicants can demonstrate that significant efforts were made to collect the delinquent accounts during the current year, and each of the Applicants will continue to diligently attempt to collect all delinquent accounts and to record all

amounts collected in the regulatory asset account, the approval of which is sought in this Application.

6. For the reasons set forth above, each of the Applicants respectfully requests the Authority to permit it to defer the difference between the net amount of uncollectibles actually written off and the amount allowed in its current rates and to establish a regulatory asset for such difference effective on the first day of each Applicant's current fiscal year. This regulatory asset account will to be used as a "tracking" mechanism to account for differences between actual net write-offs and the uncollectible expense included in each Applicant's current rates. The balance in the regulatory account would either be recovered or refunded to customers in future rates over the period of time determined by the Authority to the extent it is approved by the Authority in the Applicants' next general rate cases. Since only the "net amount" would be recorded in the regulatory asset accounts, all amounts received from customers in payment of amounts written-off as uncollectible would be credited to the regulatory asset accounts.

The fiscal years for UCG and Chattanooga Gas end on September 30, 2001 and the fiscal year for Nashville Gas ends on October 31, 2001. Unless the TRA approves the requested deferral accounting treatment, the Applicants' reported earnings, their ability to raise capital and to maintain the current level of service may be adversely affected.

7. As part of the plan to collect these deferred expenses, the Applicants will work with their customers who were disconnected due to delinquent accounts to encourage them to make payments on delinquent accounts and to facilitate the reconnection of their services.

WHEREFORE, Applicants respectfully pray that the Authority issue an order approving the accounting treatment in the manner set forth above.

Respectfully submitted this 17th day of September, 2001.

United Cities Gas Company, a Division of Atmos Energy, Inc.

By: Joe A. Conner
Joe A. Conner
Its Attorney
Baker, Donelson, Bearman & Caldwell, P.C.
1800 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
(423) 756-2010

By Permission:
Sandi L. Pack

Nashville Gas, a Division of Piedmont Natural Gas Company, Inc.

By: Jerry W. Amos
Jerry W. Amos
Its Attorney
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Bank of American
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By Permission:
Sandi L. Pack

Chattanooga Gas Company

By: D. Billye Sanders
D. Billye Sanders
Its Attorney
Waller Lansden Dortch & Davis PLLC
511 Union Street, Suite 2100
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(615) 244-6380

By Permission
Sandi L. Pac

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, postage prepaid, to the following parties of interest this 17th day of September, 2001.

Richard Collier
General Counsel, Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Timothy C. Phillips
Office of Attorney General and Reporter
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202

Sandi L. Pack

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	)	
	)	
APPLICATION OF UNITED CITIES GAS	)	
COMPANY, A DIVISION OF ATMOS ENERGY,	)	
INC., NASHVILLE GAS COMPANY, A	)	DOCKET NO. 01-00802
DIVISION OF PIEDMONT NATURAL GAS	)	
COMPANY, INC. AND THE CHATTANOOGA	)	
GAS COMPANY FOR APPROVAL OF	)	
DEFERRED ACCOUNTING	)	

JOINT APPLICATION FOR APPROVAL OF DEFERRED ACCOUNTING

United Cities Gas Company ("UCG"), Division of Atmos Energy, Inc., Nashville Gas Company ("Nashville Gas"), Division of Piedmont Natural Gas Company, Inc. and Chattanooga Gas Company ("Chattanooga Gas") respectfully request that the Tennessee Regulatory Authority ("TRA") or ("Authority") approve the deferral of certain costs related to uncollectible accounts, and, in support thereof, respectfully show the following:

1. It is requested that any notices or other communications with respect to this application be sent to the following individuals on behalf of the respective Applicants:

   A. For UCG:

      Patricia Childers
      Vice President of Regulatory Affairs
      United Cities Gas Company
      810 Crescent Centre Drive, Suite 600
      Franklin, TN 37067-6226
      Telephone: (615) 771-8332

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830844-00079 09/13/2001

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1800 Republic Centre
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Telephone: (423) 756-2010.

B. For Nashville Gas:

Ware F. Schiefer
President and Chief Executive Officer
Piedmont Natural Gas Company, Inc.
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Telephone: (704) 364-3120

Bill R. Morris
Director - Rates
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2. Due to the dramatic increase in the wholesale cost of gas during the 2000-2001 winter heating season, coupled with the colder-than-normal weather conditions during the months of November and December of 2000, customers of each of the applicants experienced gas bills significantly higher than those for the same period for the previous winter. In fact, the wholesale gas costs were significantly higher than experienced in the previous ten winter heating seasons. The Applicants took measures throughout the previous winter heating season and thereafter to mitigate the effects of the high wholesale prices by providing customers with deferred payment plans that allowed payments to be spread over a number of months rather than paid in full at the time of billing. Under the various plans offered by the Applicants, service was not terminated to the individual customers as long as payment terms agreed to by the customers were being honored. In addition, each of the Applicants has a budget-billing program that is designed to allow customers to spread their bill payments over a one-year period. These programs were especially helpful to customers on fixed incomes and to other customers who had difficulty paying their gas bills.

3. Despite the efforts of the Applicants to work with their customers in dealing with the significantly higher wholesale gas costs, each of the companies experienced an unprecedented increase in the level of its bad-debt expenses in Tennessee. Consequently, the actual net write-offs by the Applicants are anticipated to be approximately $2,700,000 for UCG and $1,535,000 for Nashville Gas through the end of their respective fiscal years. Chattanooga Gas' anticipated write-off will be submitted in a subsequent filing. The Applicants view the magnitude of the write-off of these bad debts as extraordinary.

4. Each of the Applicants' respective tariffs allows a certain amount to be recovered in the cost of service for uncollectible account expenses. Specifically as of the last rate case for each Applicant, UCG is permitted to recover $130,117, and Nashville Gas is permitted to recover $410,837 in the cost of service. Clearly, the magnitude of the uncollectible accounts experienced by the Applicants during the 2000-2001 winter heating season and thereafter is far in excess of the amounts currently allowed for uncollectible account expenses in the respective tariffs.

5. Unless the Authority grants appropriate relief, the applicants will be required to absorb substantial costs that will not be recovered in the currently allowed rates. These excessive expenses are obviously outside the norm and were not caused by the actions and/or inactions of the Applicants. The Applicants contend that it would be unfair to require them to absorb these costs when the excessive expenses arose in large part due to the Applicants' attempts to mitigate the impact on their customers by working out payment plans which were not honored by the customers. Furthermore, each of the Applicants can demonstrate that significant efforts were made to collect the delinquent accounts during the current year, and each of the Applicants will continue to diligently attempt to collect all delinquent accounts and to record all

amounts collected in the regulatory asset account, the approval of which is sought in this Application.

6. For the reasons set forth above, each of the Applicants respectfully requests the Authority to permit it to defer the difference between the net amount of uncollectibles actually written off and the amount allowed in its current rates and to establish a regulatory asset for such difference effective on the first day of each Applicant's current fiscal year. This regulatory asset account will to be used as a "tracking" mechanism to account for differences between actual net write-offs and the uncollectible expense included in each Applicant's current rates. The balance in the regulatory account would either be recovered or refunded to customers in future rates over the period of time determined by the Authority to the extent it is approved by the Authority in the Applicants' next general rate cases. Since only the "net amount" would be recorded in the regulatory asset accounts, all amounts received from customers in payment of amounts written-off as uncollectible would be credited to the regulatory asset accounts.

The fiscal years for UCG and Chattanooga Gas end on September 30, 2001 and the fiscal year for Nashville Gas ends on October 31, 2001. Unless the TRA approves the requested deferral accounting treatment, the Applicants' reported earnings and their ability to raise capital may be adversely affected.

7. As part of the plan to collect these deferred expenses, the Applicants will work with their customers who were disconnected due to delinquent accounts to encourage them to make payments on delinquent accounts and to facilitate the reconnection of their services.

WHEREFORE, Applicants respectfully pray that the Authority issue an order approving the accounting treatment in the manner set forth above.

Respectfully submitted this 13th day of September, 2001.

United Cities Gas Company, a Division of Atmos Energy, Inc.

By: Joe A. Conner
Joe A. Conner
Its Attorney
Baker, Donelson, Bearman & Caldwell, P.C.
1800 Republic Centre
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C JAC 224944 v3
830844-00079 09/13/2001

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, postage prepaid, to the following parties of interest this 13th day of September, 2001.

Richard Collier
General Counsel, Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Timothy C. Phillips
Office of Attorney General and Reporter
Consumer Advocate Division
P.O. Box 20207
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Sandi L. Pack

BEFORE THE TENNESSEE REGULATORY AUTHORITY

ORIGINAL

TRANSCRIPT OF AUTHORITY CONFERENCE

Monday, August 18, 2003

APPEARANCES:

For XO Communications and AT&T:	Mr. Henry Walker
For BellSouth:	Mr. Guy Hicks
For TRA Staff:	Ms. Sharla Dillon Ms. Lynn Questell

Reported By:
Christina M. Rhodes, RPR, CCR

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MS. DILLON: Next on the docket we have Docket No. 03-00373, Tennessee Regulatory Authority, Chattanooga Gas Company's weather normalization adjustment for the period November 1st, 2002 through April 30th, 2003, consideration of staff's audit report.

DIRECTOR MILLER: Chattanooga Gas Company's weather normalization adjustment audit filing was received for the period of November 1, 2002 through April 30th, 2003, and the staff of the TRA completed the audit on June 3rd, 2003. On June 4th the energy and water division audit staff issued a preliminary audit report and Chattanooga Gas responded on July 23rd. The audit report was modified to reflect the company's response to the final audit report as issued.

Following the audit findings of the energy and water division, there was one finding in the audit, the actual heating degree days calculated for the several billing groups did not agree with the end-of-the-month report which the Authority uses to confirm correct billing calculation. This resulted in customers in various billing cycles being incorrectly billed. The result of this error in degree day information has resulted in a $15,972 overcollection from customers. The same error has occurred in the past three audits, and the potential exists for a significant error.

The company in response agrees with the staff pertaining to this finding.

Is there any comment from my fellow Directors?

DIRECTOR JONES: None.

DIRECTOR KYLE: None.

DIRECTOR MILLER: Except for the one finding in the audit, the weather normalization adjustment process appears to be working correctly and the company is complying with the requirements of the rule governing weather normalization adjustments. I would recommend the audit for the period of November 1, 2002 through April 30, 2003 be approved.

I am concerned about the same error occurring year after year; therefore, I would also recommend that the company examine their internal review process to avoid this occurrence.

DIRECTOR KYLE: I would agree, second.

DIRECTOR JONES: I would vote to approve the audit.

MS. DILLON: Next on the docket Docket No. 03-00462, Crockett Telephone Company, Inc., Crockett Telephone Company, Inc., tariff to implement