

AGL Resources
Atlanta Gas Light
Chattanooga Gas
Elizabethtown Gas
Elkton Gas
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AGL Networks
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Chattanooga TN 3742

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APR 20 P.M.

ENERGY & WATER DIVISION

April 17, 2006

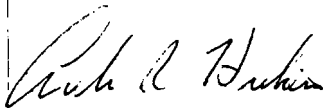
Pat Murphy, Manager
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville TN 37243-0505

Dear Mrs. Murphy:

Inclosed is Chattanooga Gas Company's response to the March 3, 2006 Tennessee Regulatory Authority Staff Data Request in Docket 03-00209. An electronic copy was provided by e-mail on April 13, 2006.

If you have any questions, please call me at 757 616 7510.

Sincerely,



Archie R. Hickerson
Director-Regulatory Affairs

C: Paul Greene



Chattanooga Gas

**Staff Data Request
March 3, 2006**

**GAS COST PORTION OF UNCOLLECTIBLE ACCOUNTS UNDER THE PGA
RULE
DOCKET 03-00209**

1. For each customer account number listed on Attachment 1 provide an Excel spreadsheet in electronic format detailing the following:
 - a. Customer Account Number
 - b. Date of each individual write-off on or after March 9, 2004
 - c. Total amount of each individual write-off
 - d. Amount of the total of each individual write-off that represents gas cost
 - e. Amount of the total of each individual write-off that represents margin
 - f. The gas cost percentage rounded to two decimal points (i.e., 65.27%) of each individual write-off
 - g. The margin percentage rounded to two decimal points of each individual write-off
 - h. Date of each individual payment made against each write-off after March 9, 2004
 - i. Total amount of each individual payment made against each write-off
 - j. Amount of each individual payment applied to gas cost
 - k. Amount of each individual payment applied to margin
 - l. The gas cost percentage rounded to two decimal points of each individual payment against the write-off
 - m. The margin percentage rounded to two decimal points of each individual payment against the write-off
 - n. The difference between the gas cost percentage of the original write-off and the gas cost portion of each individual payment made against the original write-off rounded to two decimal points

Response: Please see attached EXCEL spreadsheet.

2. Explain in detail the cause of any variances shown in your response to (1.n.) above. If any variances exist explain if the accounting system can be modified to address the variances.

Response:

Customer 151140466: The total written off was \$29.28. Of this amount \$7.39 was margin and \$21.89 was gas cost.

The total collected was \$97.73. This amount was for the \$29.28 written off, and for payment charges of \$13.82 and a reconnection charge including applicable tax of \$54.63 that were not included in the amount that was written off.

Customer 626029436: The total written off was \$63.74. Of this amount \$28.54 was margin and \$35.20 was gas cost.

The total collected was \$91.05. This amount was for the \$28.54 written off and a service application fee including applicable tax of \$27.31 that was not included in the account that was written-off.

Customer 1130454242:

The total written off was \$3,383.25. Of this amount \$1,047.03 was margin and \$2,336.22 was gas cost. The \$3,538.97 collected includes a late payment fees of \$155.75 that was not included in the \$3,383.25 that was written off.

Customer 11562186520

The total written off was \$133.21. Of this amount \$33.73 was margin and \$99.48 was gas cost. The amount collected was the same as the amount written off which was \$133.21. There were no fees applicable to this customer's account in which the amount collected was applied to gas cost and margin.

Customer 1709935394:

The total written-off was \$104.77 in which \$50.03 was margin (47.75%) and \$54.74 was gas cost (52.25%).

The amount collected was \$16.49. Of this amount \$6.33 was applied to gas cost and \$8.44 was applied to margin. The account written-off consisted of four bills that written off on April 4, 2005. When the \$16.49 was collected it was applied on a first in first-out basis to the four bills. The reconciliation is shown on the attached Excel Spread sheet.

Customer 1775082268:

The total written-off was \$141.20 in which \$45.07 was margin and \$96.13 was gas cost.

The amount collected was \$141.20. Of this amount \$96.13 was applied to gas cost and \$45.07 was applied to margin.

Customer 3445970091

The total written off was \$31.03. Of this amount \$30.21 was margin and \$.82 was gas cost. The amount collected was \$48.23. The \$31.03 written off does not include \$.81 late payment fees, \$16.39 service application fee including applicable tax. These amounts comprise the variance between the amount written off and the total collected.

Customer 3558503551

The total written off was \$63.65. Of this amount \$40.42 was margin and \$23.23 was gas cost. The amount collected was \$69.28. The \$63.65 written off does not include late payment fees of \$5.63 which is the variance between the amount written off and the total collected

Customer 6000974298: The total written-off was \$30.63. Of this amount \$12.69 was margin and \$17.94 was gas cost.

The total collected was \$47.02. This amount was for the \$30.63 written-off and service establishment fee including applicable tax of \$16.39 that were not included in the account that was written-off.

Customer 7448934206

For customer 7448934206: The total written off was \$20.83. Of this amount \$8.26 margin and \$12.57 was gas cost. The amount collected was the same as the amount written off which was \$20.83. There were no fees applicable to this customer's account in which the amount collected was applied to gas cost and margin.

Customer 7714586532

Customer 7714586532 has the same occurrence as customer 1709935394 in that the remaining amount has not been collected for this account. Only \$19.00 of the original \$63.27 has been recovered. Of this amount \$8.08 was applied to gas cost and \$11.92 was applied to margin. The account written-off consisted of two bills that written off on April 4, 2005. When the \$19.00 was collected it was applied on a first in first-out basis. The reconciliation is shown on the attached Excel Spread sheet.

Customer 7771558409

The total written-off was \$120.52. Of this amount \$45.60 was margin and \$74.92 was for gas. The total amount collected was \$176.17 of which \$74.92 was treated as recovery of written off gas cost, and \$45.60 was treated as margin. The difference in the amount written off and the amount recovered is due to the late payment and reconnection fees including applicable tax not included in the original amount written off.

Customer 7947357518

The total written off was \$105.98. Of this amount \$21.36 margin and \$84.62 was gas cost. The amount collected was \$122.37. The \$105.98 written off does not include a service application fee including applicable tax of \$16.39 which is the variance between the amount written off and the total collected.

Customer 9783211593

The total written off was \$227.49. Of this amount \$77.56 margin and \$149.93 was gas cost. The amount collected was \$269.25. The \$227.49 written off does not include late payment fees, reconnection fee including applicable tax of \$41.76 which is the variance between the amount written off and the total collected.

Customer 9970585471: Total written-off amount was \$541.73. Total gas cost amount was \$339.33 and \$202.40 margin.

Only \$275.37 was collected. Of this amount \$99.09 was treated as margin and \$176.28 was treated as gas cost. The account written-off consisted of two bills written off on

April 4, 2005. When the \$275.37 was collected, it was applied on a first in first-out basis to the individual bills.

The reconciliation is shown on the attached Excel Spread sheet.

As explained the variances between the amount collected and the amounts written-off are the result of the customer failing to pay the entire bill that was written-off, (the customer remains off the system), or charges (reconnect fees, late payment fees, etc.) that were not included in the original bad debt written -off. When a customer makes a partial payment, the partial payment is applied to the individual bills on a first-in first-out basis. Since the percentage of bill that relate to PGA differ each month the application of a partial payment may not equal the percentage for the total bill written-off.

3. **Describe fully the procedure(s) followed in allocating partial payments made to written off accounts between gas cost recovery and margin recovery.**

Response:

Payments, including partial payments, are allocated to gas cost recovery using the ratio of PGA portion of the bills to the total amount of the bill that was written-off. The ratio is developed for each individual bill that is written off.

Please respond to the following questions with a yes or no answer and then explain.

4. **Some companies have shown a collection agency fee netted against the gas cost portion of recoveries. Staff realizes that monthly reports were submitted prior to the Motion that was adopted by the Authority at its April 4, 2005 Conference and the companies' Response to that Motion filed on June 1, 2005.**
 - a. **Has the company filed any monthly report showing a collection agency fee netted or to be netted against the gas cost portion of recoveries?**

Response:

Yes. As explained in response to the March 7, 2005 Chattanooga Gas Company previously netted collection agency fees against collections. However, since the Authority adopted at its April 4, 2005 Motion, Chattanooga Gas has not filed any monthly report showing a collection agency fee netted or to be netted against the gas cost portion of recoveries. Prior to filing the ACA for the twelve months ended June 30, 2005, that included the recovery of the gas portion of bad debt, Chattanooga Gas recorded a journal entry to reverse the collection fees that were netted against recoveries in prior periods. Chattanooga Gas has not subsequently netted the collection agency fees against the gas cost portion of recoveries.

- b. If the company responds affirmatively to (a.) above, can the company recast uncollectible reports excluding netting of the collection agency fee if requested to do so?

Yes.

5. Is the company's accounting system capable of applying payments and partial payments against one or more written off accounts by applying the same percentage of each individual write-off to the recovery or multiple recoveries using the first-in-first-out method 100% of the time with no exceptions?

Example: (for one customer account)

| | | | | | | |
|---------|-----------|-------|----------|-------|--------|-------|
| Jan. 1 | Write-off | \$100 | Gas Cost | \$75 | Margin | \$25 |
| Mar. 4 | Recovery | \$20 | Gas Cost | \$15 | Margin | \$5 |
| June 24 | Write-off | \$200 | Gas Cost | \$100 | Margin | \$100 |
| Sept. 4 | Recovery | \$180 | Gas Cost | \$110 | Margin | \$70 |

Response:

Yes. Partial payments are applied to the gas portion of bad debts on the individual bills that make of the total of the account written-off on a first-in first out basis. (There are three examples of how such payments are handled in the response to item 1 above. (Accounts 1709935394, 7714586532, and 9970585471).

The example included in this item, however, would not occur. A customer who had a bill written-off in January would not have another bill written-off in June unless the customer had fully paid off the bill that made up the Jan 1, written-off. For there to be a January 1, write off, the customer's service would have been terminated for no-pay. The customer's service would not be reinstated unless the customer paid the full \$100 owed. A subsequent payment of \$20 in March would not be sufficient to reinstate service. Since the customer would be off the system, there would not be additional \$200 to be written off in June.

Chattanooga Gas Company
GAS COST PORTION OF UNCOLLECTIBLE ACCOUNTS UNDER THE PGA RULE
DOCKET 03-00209
Staff Data Request
3-Mar-06
Item 1

| Customer Account Number (a) | Date of Each Individual Write - off on or after March 9, 2004 (b) | Total Amount of Each Individual Write Off (c) | Amount of Total of Each Individual Write - off that Represents Gas Cost (d) | Amount of Total of Each Individual Write - off that Represents Margin (e) | Gas Cost Percentage Rounded to two decimal points of each write - off (f) | Margin Percentage Rounded to two decimal points of each write - off (g) | Date of each payment made against each write - off after March 9, 2004 (h) | Each individual payment made against each write - off (i) | Each individual payment applied to gas cost (j) | Each individual payment applied to margin (k) | Gas cost percentage rounded to two decimal points for each individual payment against the write - off (l) | Margin percentage rounded to two decimal points of each individual payment against the write - off (m) | Difference between gas cost percentage of the original write off and the gas cost portion of each individual payment made against the original write - off rounded to two decimal points (n) | Total Payment | Payment Applicable to Written off Amount | Payments Applicable to Late Payment Fees Reconnect Fees etc and the related taxes that were in the calculation of the included in Amount Written-Off |
|-----------------------------|---|---|---|---|---|---|--|---|---|---|---|--|--|---------------|--|--|
| 151140466 | 5/24/2005 | \$29.28 | \$21.89 | \$7.39 | 74.76% | 25.24% | 7/27/2005 | \$29.28 | \$21.89 | \$7.39 | 74.76% | 25.24% | 0.00% | \$ 97.73 | \$ 29.28 | \$ 68.45 |
| 626029436 | 5/9/2005 | 63.74 | 35.2 | 28.54 | 55.22% | 44.78% | 6/24/2005 | \$63.74 | 35.2 | 28.54 | 55.22% | 44.78% | 0.00% | 91.05 | 63.74 | 27.31 |
| 1130454212 | 9/28/2004 | 3,383.25 | 2,336.22 | 1,047.03 | 69.05% | 30.95% | 11/24/2004 | 3,383.25 | 2,336.22 | 1,047.03 | 69.05% | 30.95% | 0.00% | 3,536.97 | 3,383.25 | 155.72 |
| 1562186520 | 5/10/2005 | 133.21 | 99.48 | 33.73 | 74.68% | 25.32% | 6/30/2005 | 133.21 | 99.48 | 33.73 | 74.68% | 25.32% | 0.00% | 133.21 | 133.21 | - |
| 1709935394 | 4/4/2005 | 104.77 | 54.74 | 50.03 | 52.25% | 47.75% | 6/7/2005 | \$16.49 | 6.33 | 10.16 | 38.38% | 61.61% | -13.86% | 16.49 | 16.49 | - |
| 1775082268 | 5/10/2004 | 141.2 | 96.13 | 45.07 | 68.08% | 31.92% | 7/9/2004 | 141.2 | 96.13 | 45.07 | 68.08% | 31.92% | 0.00% | 141.20 | 141.20 | - |
| 3445970051 | 3/30/2005 | 31.03 | 0.82 | 30.21 | 2.64% | 97.36% | 5/27/2005 | 31.03 | 0.82 | 30.21 | 2.64% | 97.36% | 0.00% | 48.23 | 31.03 | 17.20 |
| 3558503551 | 9/24/2004 | 63.65 | 23.23 | 40.42 | 36.50% | 63.50% | 5/27/2005 | 63.65 | 23.23 | 40.42 | 36.50% | 63.50% | 0.00% | 69.28 | 63.65 | 5.63 |
| 6000974298 | 3/17/2004 | 30.63 | 17.94 | 12.69 | 58.57% | 41.43% | 6/11/2004 | 30.63 | 17.94 | 12.69 | 58.57% | 41.43% | 0.00% | 47.02 | 30.63 | 16.39 |
| 7448934206 | 4/5/2004 | 20.83 | 12.57 | 8.26 | 60.35% | 39.65% | 6/11/2004 | 20.83 | 12.57 | 8.26 | 60.35% | 39.65% | 0.00% | 20.83 | 20.83 | - |
| 7714586532 | 4/28/2005 | 63.27 | 40.32 | 22.95 | 63.73% | 36.27% | 5/6/2005 | 19.00 | 8.08 | 10.92 | 42.53% | 57.47% | -21.20% | 19.00 | 19.00 | - |
| 7771558409 | 11/30/2004 | 120.52 | 74.92 | 45.6 | 62.16% | 37.84% | 5/20/2005 | 120.52 | 74.92 | 45.6 | 62.16% | 37.84% | 0.00% | 176.17 | 120.52 | 55.65 |
| 7947357518 | 3/29/2005 | 105.98 | 84.62 | 21.36 | 79.85% | 20.15% | 5/27/2005 | 105.98 | 84.62 | 21.36 | 79.85% | 20.15% | 0.00% | 122.37 | 105.98 | 16.39 |
| 9783211593 | 4/14/2004 | 227.49 | 149.93 | 77.56 | 65.91% | 34.09% | 6/11/2004 | 227.49 | 149.93 | 77.56 | 65.91% | 34.09% | 0.00% | 269.25 | 227.49 | 41.76 |
| 9970585471 | 5/27/2004 | 541.73 | 339.33 | 202.4 | 62.64% | 37.36% | 7/9/2004 | 275.37 | 176.28 | 99.09 | 64.02% | 35.98% | 1.38% | 275.37 | \$ 275.37 | \$ - |

Chattanooga Gas Company

GAS COST PORTION OF UNCOLLECTIBLE ACCOUNTS UNDER THE PGA RULE

DOCKET 03-00209

Staff Data Request

3-Mar-06

Item 2

| Account | Total Debit | PGA | Business | Date Charge Off | PGA Percent of Total | Payment Exists? | Payment Amount | Full Payment? | Payment Allocated to PGA |
|------------|-------------|------------------|-----------------|-----------------|----------------------|-----------------|-----------------|---------------|--------------------------|
| 1709935394 | 15 02 | 5.76 | 100 | 4/4/2005 | 0.383489 | yes | \$ 15 02 | yes | \$ 5.76 |
| 1709935394 | 19 40 | 7 57 | 100 | 4/4/2005 | 0.390206 | yes | \$ 1 47 | no | \$ 0.57 |
| 1709935394 | 53 26 | 34 68 | 100 | 4/4/2005 | 0 651145 | | | | |
| 1709935394 | 17 09 | 6 73 | 100 | 4/4/2005 | 0.393798 | | | | |
| | | \$ 104.77 | \$ 54.74 | | | | \$ 16.49 | | \$ 6.33 |

| Account | Total Debit | PGA | Business | Date Charge Off | PGA Percent of Total | Payment Exists? | Payment Amount | Full Payment? | Payment Allocated to PGA |
|------------|-------------|-----------------|-----------------|-----------------|----------------------|-----------------|-----------------|---------------|--------------------------|
| 7714586532 | 43 77 | 32.03 | 100 | 4/28/2005 | 0 73178 | | | | |
| 7714586532 | 19 50 | 8.29 | 100 | 4/28/2005 | 0.425128 | yes | \$ 19 00 | no | \$ 8.08 |
| | | \$ 63.27 | \$ 40.32 | | | | \$ 19.00 | | \$ 8.08 |

| Account | Total Debit | PGA | Business | Date Charge Off | PGA Percent of Total | Payment Exists? | Payment Amount | Full Payment? | Payment Allocated to PGA |
|------------|-------------|------------------|------------------|-----------------|----------------------|-----------------|------------------|---------------|--------------------------|
| 9970585471 | 205 53 | 124 11 | 100 | 5/27/2004 | 60 39% | | | | |
| 9970585471 | 336.20 | 215 22 | 100 | 5/27/2004 | 64 02% | | \$275 37 | no | \$176 28 |
| | | \$ 541.73 | \$ 339.33 | | | | \$ 275.37 | | \$ 176.28 |