

# WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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A PROFESSIONAL LIMITED LIABILITY COMPANY

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WALLER LANSDEN DORTCH & DAVIS, LLP  
AFFILIATED WITH THE PROFESSIONAL LIMITED LIABILITY COMPANY  
520 SOUTH GRAND AVENUE, SUITE 800  
LOS ANGELES, CALIFORNIA 90071  
(213) 362-3680

D. Billye Sanders  
(615) 850-8951  
bsanders@wallerlaw.com

January 26, 2004

## VIA HAND DELIVERY

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

04-00034

Re: Petition of Chattanooga Gas Company for Approval of Adjustment  
of its Rates and Charges and Revised Tariff

Dear Chairman Tate:

Enclosed you will find the original and four (4) hard copies and a CD in PDF format of the above-referenced Petition of Chattanooga Gas Company and a check for \$25.00 for the filing fee. In addition, we have included with this filing a proposed Protective Order to be used to protect the confidentiality of any confidential documents that may be filed by the Company in this docket.

Sincerely,



D. Billye Sanders  
Attorney for Chattanooga Gas Company

DBS/jpf  
Enclosures

cc: Archie Hickerson  
Steve Lindsey  
Russell Perkins, Esq.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**IN RE:**

<b>PETITION OF CHATTANOOGA GAS</b>	)	
<b>COMPANY FOR APPROVAL OF</b>	)	
<b>ADJUSTMENT OF ITS RATES AND</b>	)	<b>DOCKET NO. 04-<u>00034</u></b>
<b>CHARGES AND REVISED TARIFF</b>	)	

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**PETITION**

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Pursuant to T.C.A. Section 65-5-203 and the Rules of the Tennessee Regulatory Authority ("TRA" or "Authority"), Chattanooga Gas Company, a Tennessee corporation, ("Chattanooga Gas", "CGC" or the "Company") respectfully requests that the TRA approve its Petition for an adjustment in its rates and charges for natural gas service for the purpose of obtaining a general increase in its rates and for authority to place into effect revised tariffs.

In support of this Petition, Chattanooga Gas submits the following:

1. Full name and address of the principal place of business of the

Company are:

Chattanooga Gas Company  
2207 Olan Mills Drive  
Chattanooga, Tennessee 37421

2. All correspondence and communications with respect to this  
Petition should be sent to the following:

Steven L. Lindsey, Vice President—Operations  
Chattanooga Gas Company  
2207 Olan Mills Drive  
Chattanooga, Tennessee 37421  
Telephone: (423) 490-4334  
Facsimile: (423) 490-4326

Archie Hickerson, Manager-Rates  
AGL Resources  
Location 1686  
P. O. Box 4569  
Atlanta, GA 30302-4569  
Telephone: (404) 584-3855  
Facsimile: (404) 584-3489

D. Billye Sanders  
Waller Lansden Dortch & Davis  
A Professional Limited Liability Company  
511 Union Street, Suite 2100  
Nashville, Tennessee 37219  
Telephone: (615) 244-6380  
Facsimile: (615) 244-6804

John Ebert, Associate General Counsel  
Elizabeth Wade, Regulatory Counsel  
AGL Resources  
Location 1470  
P. O. Box 4569  
Atlanta, GA 30302-4569  
Telephone: (404) 584-3184  
Facsimile: (404) 584-3714

3. Chattanooga Gas is incorporated under the laws of the state of Tennessee and is engaged in the business of transporting, distributing and selling natural gas in Chattanooga and Cleveland, Tennessee and the surrounding Hamilton and Bradley Counties area. Chattanooga Gas is a public utility pursuant to the laws of the state of Tennessee and its public utility operations are subject to

the jurisdiction of this Authority. Chattanooga Gas is a wholly-owned subsidiary of AGL Resources, Inc.

4. Chattanooga Gas' existing rates for natural gas service are not adequate to permit it an opportunity to recover its reasonable operating costs and to earn a fair and reasonable rate of return on its investment. In order for Chattanooga Gas to maintain its facilities and provide services in accordance with the reasonable requirements of its customers and the requirements of the TRA, attract capital on terms which are reasonable, attract and maintain investors, and to produce a reasonable rate of return for its stockholders, Chattanooga Gas must be granted a general increase in its rates.

5. As shown on Exhibit MJM-1 to this Petition, using current rates during the attrition period (the 12 months ending June 30, 2005), Chattanooga Gas is projected to earn net operating income of \$5,687,380 on a rate base of \$95,564,212, which results in an overall rate of return of 5.95%. Such a return is not fair and reasonable and is confiscatory. Without rate relief, Chattanooga Gas will incur a deficiency during the attrition period of approximately \$4.6 million.

6. Chattanooga Gas proposes rates that will allow it a reasonable opportunity to alleviate the projected deficit of approximately \$4.6 million and to achieve an overall rate of return of 8.84% and a return on equity of 11.25%. Chattanooga Gas has filed two alternative tariffs with rates to produce the needed revenue requirement. One tariff (Exhibit SL-1, which is included in Exhibit A)

allocates the entire \$4.6 million increase uniformly across the customer classes. However, the other tariff (Exhibit SL-2, also included in Exhibit A), which is the Company's preferred alternative, does not recover the full deficiency through base rates. The difference is that: (1) the carrying charges related to the stored gas inventory are capitalized and included in the value of the gas asset and (2) the cost of the Company's Bare Steel and Cast Iron Pipeline Replacement Program is recovered through a separate Tracker (See testimony of Steve Lindsey and Richard Lonn, Exhibits A and D, respectively). Adopting this alternative would reduce the \$4.6 million requested increase in base rates to approximately \$2.4 million.

7. Chattanooga Gas' inability to earn a fair and reasonable rate of return on its investment results from a number of factors, as outlined in this testimony of Steve Lindsey. The factors include the following:

a. Since Chattanooga Gas' rates were last set in 1998, the average number of R-1 residential customers has increased from 47,499 to 50,810, but gas usage has declined by approximately 9% (4,300,096 Mcfs in 1998 to 3,897,311 Mcfs during the 12 months ended September 30, 2003).

b. When Chattanooga Gas' rates were set in 1998, the rates were based on an average of 434 Multi-Family R-4 units and 26,975 Mcfs usage annually compared to an average of 280 units and 13,100 Mcfs usage during the 12 months ended September 30, 2003. This change reflects a 35% reduction in units and a 51% reduction in sales volumes.

c. When rates were set in 1998, Chattanooga Gas had an average of 7,889 commercial C-1 customers with average usage of 4,399,534 Mcfs annually compared to an average of 8,177 commercial C-1 customers with average usage of 3,898,001 Mcfs during the 12 months ended September 30, 2003. These numbers reflect a 3.6% increase in customers, but an 11% decrease in volumes.

d. The rates approved by the authority in the last rate case were designed to produce a gross margin (gross revenue less the cost of gas) of \$31,498,347. However, the gross margin for the 12 months ended September 30, 2003 was \$29,976,743. This is a reduction of \$1,521,622 or 4.8%.

e. Additional reasons supporting Chattanooga Gas' request for a general rate increase are included in the prefiled testimony and exhibits of the witnesses that are attached hereto.

8. In further support of its Petition, Chattanooga Gas has attached the following documentation:

**Exhibit A** - Prepared Direct Testimony of Steve Lindsey regarding general overview of Chattanooga Gas Company's operations and a summary of rate relief requested.

**Exhibit SL-1** – Tariff allocating rate increase across all customer classes

**Exhibit SL-2** – Tariff that excludes from base rates the recovery of the cost of carrying stored gas inventory and the cost of the Bare Steel and Cast Iron Replacement Program (**preferred tariff**)

**Exhibit B** - Prepared Direct Testimony of Michael J. Morley concerning the Company's expenses, investment in utility property, capital structure and revenue deficiency

**Exhibit MJM-1** – Company statement of income before and after

the proposed rate adjustment and calculations of the proposed revenue adjustment, revenue conversion factor and Tennessee excise and federal income taxes

**Exhibit MJM-2** – Cost of service study for the test period and attrition period, including pro-forma adjustments and explanations for the pro-forma adjustments

**Exhibit MJM-3** – The elements of rate base estimated as of June 30, 2005

**Exhibit MJM-4** – Summary of the Company's estimated cost of capital as of June 30, 2005

**Exhibit C** - **Prepared Direct Testimony of Philip G. Buchanan** regarding revenues and rate design

**Exhibit PGB-1** – Calculation of average BTU factor

**Exhibit PGB-2** – Weather normalization adjustment factors current vs. proposed

**Exhibit PGB-3** – Forecast of attrition period bills general services classes

**Exhibit PGB-4** – Pro-forma revenue calculations

**Exhibit PGB-5** – Conversion of attrition period usage from units of volume to units of energy

**Exhibit PGB-6** – Redetermination of rates, attrition period

**Exhibit PGB-7** – Comparison of revenue from current rate and proposed rates by rate class

**Exhibit PGB-8** – Redetermination of rates, attrition period

**Exhibit PGB-9** – Comparison of revenues from current rates and proposed rates by rate class

**Exhibit PGB-10** – Summary of proposed rate changes

**Exhibit D** - **Prepared Direct Testimony of Richard Lonn** regarding the Company's Bare Steel and Cast Iron Replacement Program and the impact of pipeline integrity requirements

**Attachment A** – Summary of Richard Lonn's educational and professional experience.

**Exhibit RL-1** – Revenue requirement of Pipeline Replacement Program

**Exhibit E** – Prepared Direct Testimony of Roger A. Morin regarding cost of equity  
**Appendix A** – Empirical CAPM (Capital Asset Pricing Model)  
**Appendix B** – Flotation Cost Allowance  
**RAM-1** – Resume of Roger A. Morin  
**RAM-2** – Natural Gas Distribution Utilities Beta Estimates, Combination Gas and Electric Utility Beta Estimates and Electric Utility Industry Beta Estimates  
**RAM-3** – Moody's Natural Gas Distribution Common Stocks Over Long-Term Treasury Bonds Annual Long-Term Risk Premium Analysis  
**RAM-4** – Moody's Electric Utility Common Stocks Over Long-Term Treasury Bonds Annual Long-Term Risk Premium Analysis  
**RAM-5** – Natural Gas LDCs DCF Analysis: Analysts' Growth Forecasts  
**RAM-6** – Natural Gas LDCs DCF Analysis: Value Line Growth Forecasts  
**RAM-7** – Investment-Grade Combination Gas & Electric Utilities DCF Analysis: Value Line Growth Projections  
**RAM-8** – Investment-Grade Combination Gas & Electric Utilities DCF Analysis: Analysts' Growth Forecasts  
**RAM-9** – Natural Gas Distribution Utilities Common Equity Ratios

9. In its proposed tariffs, Chattanooga Gas also seeks approval of the Chattanooga Assisted Rate for Energy Service (CARES Program) and Semi-Firm Sales Service (SFSS) Rates Schedule SF-1. The CARES Program would provide qualifying elderly low-income customers a credit of \$7.50 per month. This credit will be equal to the summer customer charge that is the minimum monthly bill from May through October. The SFSS Rates Schedule SF-1 would provide eligible industrial customers an option to reserve a volume of stored gas at a predetermined price to be withdrawn when needed during the period from November 1 to March 1. This service would allow eligible customers to reduce the



effects of the rapid increase in gas costs that have occurred in recent years (See prepared testimony of Steve Lindsey).

WHEREFORE, Chattanooga Gas prays:

1. That Notice be issued and a hearing be set regarding the Petition;
2. That the Authority find that the existing rates of Chattanooga Gas are inadequate and that the rates proposed by the Company are fair, just and reasonable and in the public interest;
3. That the Authority approve Chattanooga Gas' revised tariff implementing the proposed rates, preferably the tariff filed as Exhibit SL-2, to become effective on March 1, 2004;
4. That Chattanooga Gas be granted such other and/or further as may be warranted.

Respectfully submitted,

Chattanooga Gas Company

By: *D. Billye Sanders*  
D. Billye Sanders, Esq.  
Waller Lansden Dortch & Davis  
A Professional Limited Liability Company  
511 Union Street, Suite 2100  
Nashville, TN 37219-8966  
(615) 244-6380

Attorney for Chattanooga Gas Company

VERIFICATION

STATE OF TENNESSEE )

COUNTY OF HAMILTON )

I, Steven L. Lindsey, being duly sworn state that I am the Vice President – Operations of Chattanooga Gas Company, the Petitioner in the subject proceeding; that I am authorized to make this verification of behalf of Chattanooga Gas Company; that I have read the foregoing Petition and Exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.

Steven L. Lindsey

Sworn and subscribed before me this 26<sup>th</sup> day of January, 2004

Kathleen B. Daugherty  
Notary Public

My Commission Expires : March 25, 2006

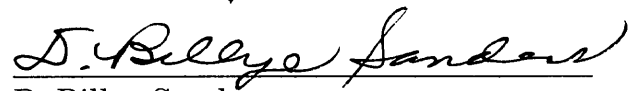
**CERTIFICATE OF SERVICE**

I hereby certify that on this 26<sup>th</sup> day of January 2004, a true and correct copy of the foregoing Petition was served on the persons below by hand delivery or by placing same in the U.S. mail, postage pre-paid:

Russell Perkins  
Consumer Advocate and Protection Division  
Office of Attorney General  
2<sup>nd</sup> Floor  
425 5<sup>th</sup> Avenue North  
Nashville, Tennessee 37243-0491

Mailing address:

P.O. Box 20207  
Nashville, Tennessee 37202

  
D. Billye Sanders

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF CHATTANOOGA GAS  
COMPANY, FOR APPROVAL OF  
ADJUSTMENT OF ITS RATES AND  
CHARGES AND REVISED TARIFF

DOCKET NO. 04-00034

# PROTECTIVE ORDER

To expedite the flow of filings, discovery, exhibits and other materials, and to facilitate the prompt resolution of disputes regarding confidentiality of the material, adequately protect material entitled to be kept confidential and to ensure that protection is afforded only to material so entitled, the Tennessee Regulatory Authority (“TRA”) hereby orders that:

1. For the purpose of this Protective Order (the "Order"), proprietary or confidential information, hereinafter referred to as "CONFIDENTIAL INFORMATION" shall mean documents and information in whatever form which the producing party, in good faith, deems to contain or constitute trade secrets, confidential research, development, financial statements or other commercially sensitive information, and which has been specifically designated by the producing party. A "Producing Party" is defined as the party creating the confidential information as well as the party having actual physical possession of information produced pursuant to this Order. All summaries, notes, extracts, compilations or other direct or indirect reproduction from or of any protected materials, shall be entitled to protection under this Order. Documents containing CONFIDENTIAL INFORMATION shall be specifically marked as confidential on the cover. Any document

may be in competition with the products, goods or services of the Producing Party. Counsel for the parties are expressly prohibited from disclosing CONFIDENTIAL INFORMATION produced by another party to their respective clients, except for in-house counsel and persons who need to know in order to assist counsel of record with preparation of the case.

4. Prior to disclosure of CONFIDENTIAL INFORMATION to any employee or associate counsel for a party, TRA Director, or TRA staff member, the counsel representing the party who is to receive the CONFIDENTIAL INFORMATION shall provide a copy of this Order to the recipient employee, associate counsel, TRA Director or staff member, who shall be bound by the terms of this Order. Prior to disclosure of CONFIDENTIAL INFORMATION to any outside consultant or expert witness employed or retained by a party, counsel shall provide a copy of this Order to such outside consultant or expert witness, who shall sign an Affidavit in the form of that attached to this Order attesting that he or she has read a copy of this Order, that he or she understands and agrees to be bound by the terms of this Order, and that he or she understands that unauthorized disclosure of the documents labeled "CONFIDENTIAL" constitutes a violation of this Order. This Affidavit shall be signed in the presence of and be notarized by a notary public. Counsel of record for each party shall provide the Producing Party a copy of each such Affidavit and shall keep the Affidavits executed by the parties' experts or consultants on file in their respective offices.

5. If any party or non-party subject to this Order inadvertently fails to designate documents as CONFIDENTIAL in accordance with the provisions of this Order when producing the documents this failure shall not constitute a waiver of confidentiality, provided the party or non-party who has produced the document shall notify the recipient of the document in writing within five (5) days of discovery of such inadvertent failure to

designate the document as CONFIDENTIAL. At that time, the recipients will immediately treat the subject document as CONFIDENTIAL. An inadvertent failure to designate a document as CONFIDENTIAL, shall not, in any way, affect the TRA's determination as to whether the document is entitled to CONFIDENTIAL status.

6. If any party or non-party subject to this Order inadvertently fails to designate documents as CONFIDENTIAL in accordance with the provisions of this Order when producing such documents and the failure is not discovered in time to provide a five (5) day notification to the recipient of the confidential nature of the documents referenced in the paragraph above, the failure shall not constitute a waiver of confidentiality and a party by written motion or by oral motion at a Pre-Hearing conference or at the Hearing on the merits may request designation of the documents as CONFIDENTIAL, and if the motion is granted by the Pre-Hearing Officer, Administrative Law Judge or the Authority, the recipients shall immediately treat the subject documents as CONFIDENTIAL. The Tennessee Regulatory Authority, the Pre-Hearing Officer or Administrative Law Judge may also, at his or her discretion, either before or during the Pre-Hearing conference or Hearing on the merits of the case, allow information to be designated CONFIDENTIAL and treated as such in accordance with the terms of this Order.

7. Any papers filed in this proceeding that contain, quote, paraphrase, compile or otherwise disclose documents covered by the terms of this Order, or any information contained therein, shall be filed and maintained with the Chairman of the TRA in sealed envelopes marked CONFIDENTIAL and labeled to reflect the style of this proceeding, the docket number, the contents of the envelope sufficient to identify its subject matter and this Protective Order. The envelopes shall be maintained in a locked filing cabinet. The envelopes shall not be opened or their contents reviewed by anyone except upon order of

the TRA, Pre-Hearing Officer, or Administrative Law Judge after due notice to counsel of record. Notwithstanding the foregoing, the Directors and the Staff of the TRA may review any paper filed as CONFIDENTIAL without obtaining an order of the TRA, Pre-Hearing Officer or Administrative Law Judge, provided the Directors and Staff maintain the confidentiality of the paper in accordance with the terms of this Order.

8. Documents, information and testimony designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS (as defined in paragraph 19) in accordance with this Order, may be used in testimony at the Hearing of this proceeding and offered into evidence used in any hearing related to this action in a manner that protects the confidentiality of the information, subject to the Tennessee Rules of Evidence and to such future orders as the TRA, the Pre-Hearing Officer, or the Administrative Law Judge may enter. Any party intending to use documents, information, or testimony designated CONFIDENTIAL or PROTECTED SECURITY MATERIALS shall inform the Producing Party and the TRA, the Pre-Hearing Officer, or the Administrative Law Judge, prior to the Hearing on the merits of the case, of the proposed use; and shall advise the TRA, the Pre-Hearing Officer, or the Administrative Law Judge, and the Producing Party before use of the information during witness examinations so that appropriate measures can be taken by the TRA, the Pre-Hearing Officer, or the Administrative Law Judge to protect the confidential nature of the information.

9. Except for documents filed with the Chairman of the TRA, all documents covered by the terms of this Order that are disclosed to the requesting party shall be maintained separately in files marked CONFIDENTIAL and labeled with reference to this Order at the offices of the requesting party's counsel of record, kept in a secure place and returned to the Producing Party pursuant to Paragraph 16 of this Order.

10. Nothing herein shall be construed as preventing any party from continuing to use and disclose any information (a) that is in the public domain, or (b) that subsequently becomes part of the public domain through no act of the party, or (c) that is disclosed to it by a third party, where said disclosure does not itself violate any contractual or legal obligation, or (d) that is independently developed by a party, or (e) that is known or used by it prior to this proceeding. The burden of establishing the existence of (a) through (e) shall be upon the party attempting to use or disclose the information.

11. Any party may contest the designation of any document or information as CONFIDENTIAL or PROTECTED SECURITY MATERIALS by filing a Motion with the TRA, Pre-Hearing Officer, Administrative Law Judge or the courts, as appropriate, for a ruling that the documents, information or testimony should not be so treated. All documents, information and testimony designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS, however, shall be maintained as such until the TRA, the Pre-Hearing Officer, the Administrative Law Judge or a court orders otherwise. A Motion to contest must be filed not later than fifteen (15) days prior to the Hearing on the Merits. Any Reply from the Company seeking to protect the status of their CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS must be received not later than ten (10) days prior to the Hearing on the Merits and shall be presented to the Authority at the Hearing on the merits for a ruling.

12. Nothing in this Order shall prevent any party from asserting any objection to discovery other than an objection based upon grounds of confidentiality. In the event the Consumer Advocate and Protection Division of the Office of the Attorney General becomes a party to this proceeding, nothing in this Order is intended to limit or expand the statutory authority of the Attorney General or the Consumer Advocate and Protection



Division as expressed in *T.C.A. § 10-7-504(a)* titled *Confidential Records*, and *T.C.A. § 65-4-118* titled *Consumer Advocate and Protection Division*. The Attorney General will provide timely notice of filing or intent to disclose in the discharge of the duties of the Office of the Attorney General and Reporter, pursuant to *T.C.A. § 10-7-504(a)(5)(C)*, so that the Producing Party may take action relating to disclosure.

The obligations of the Attorney General under this Order are further subject to Tennessee's public records act. Nothing in this Order is intended to violate Tennessee's Public Records Act or Freedom of Information Act ("FOIA"). In the event that the Attorney General is served with a subpoena, public records, freedom of information act request, or other request that calls for the production of CONFIDENTIAL INFORMATION, the Attorney General, will notify the Producing Party by notifying the undersigned of the existence of the subpoena, public records request, FOIA request, or other request, at least five (5) business days before responding to the request. Following the five day notice period, the Attorney General may elect to wait to produce such information as allowed by state law in order to provide the Producing Party an opportunity to challenge said subpoena or request or to make arrangements to preserve the confidentiality of the CONFIDENTIAL INFORMATION that is subject to such request.

13. Non-party witnesses shall be entitled to invoke the provisions of this Order by designating information disclosed or documents produced for use in this action as CONFIDENTIAL, in which event the provisions of this Order shall govern the disclosure of information or documents provided by the non-party witness. A non-party witness' designation of information as CONFIDENTIAL may be challenged under Paragraph 11 of this Order.

14. No person authorized under the terms herein to receive access to documents, information, or testimony designated as CONFIDENTIAL shall be granted access until such person has complied with the requirements set forth in Paragraph 4 of this Order.

15. Any person to whom disclosure or inspection is made in violation of this Order shall be bound by the terms of this Order.

16. Upon an order becoming final in this proceeding or any appeals resulting from such an order, all the filings, exhibits and other materials and information designated CONFIDENTIAL or PROTECTED SECURITY MATERIALS and all copies thereof shall be returned to counsel for the party who produced (or originally created) the filings, exhibits and other materials, within fifteen (15) days. Counsel who received the filings, exhibits and other materials, designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS shall certify to counsel for the Producing Party that all the filings, exhibits and other materials, plus all copies or extracts, notes or memorandums from the filings, exhibits and other materials, and all copies of the extracts from the filings, exhibits and other materials thereof have been delivered to counsel for the Producing Party or destroyed and that any electronic copies of CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS received or mentioned by the receiving party have been eliminated.

17. After termination of this proceeding, the provisions of this Order relating to the confidential nature of CONFIDENTIAL DOCUMENTS or PROTECTED SECURITY MATERIALS, information and testimony shall continue to be binding upon parties herein and their officers, employers, employees, agents, and/or others unless this Order is vacated or modified.

18. Nothing herein shall prevent entry of a subsequent order, upon an appropriate showing, requiring that any documents, information or testimony designated as CONFIDENTIAL shall receive protection other than that provided herein.

19. In addition to the other provisions of this Order, Chattanooga Gas Company (the "Company") may designate and label as "PROTECTED SECURITY MATERIALS" documents and information related to security measures undertaken to protect public health and safety. The Company shall provide access to PROTECTED SECURITY MATERIALS to TRA Directors and members of the staff of the TRA and further only to authorized representatives of the Intervenor in this docket. Authorized representatives shall be limited to the following: in the event that TRA staff becomes a party, one counsel of record and one other staff member or person under contract to the staff, each authorized in writing by a senior official of the TRA to have such access; and with respect to any other party, two counsel of record and a single other person, employed by or under contract to the party, authorized by that party in a written certification mutually agreeable to the parties.

20. The Company shall provide access to an authorized representative to PROTECTED SECURITY MATERIALS only after such authorized representative has executed an Affidavit in the form of that attached to this Order and provided a copy to the Company. Except with consent of the Company: (i) access shall be at the offices of the Company or its counsel of record and under supervision of the Company; (ii) PROTECTED SECURITY MATERIALS shall not be removed from the offices of the Company or its counsel; (iii) no copies shall be provided to an authorized representative except as provided herein. Authorized representatives may make notes or memoranda from a review of the PROTECTED SECURITY MATERIALS and may remove such notes and memoranda. In

all other respects such notes and memoranda shall remain PROTECTED SECURITY MATERIALS and subject to the provisions hereof. PROTECTED SECURITY MATERIALS shall be used only to assist TRA staff or any other party to prepare for and to try this proceeding and shall not be used for any other purpose in this or any other jurisdiction.

21. Except as provided in this Order, the contents of PROTECTED SECURITY MATERIALS to which the TRA staff or other party is given access, and any notes, memoranda, or any form or information or opinions regarding or derived from the PROTECTED SECURITY MATERIALS shall not be disclosed to anyone other than an authorized representative in accordance with this Order, except that an authorized representative may disclose his or her conclusions or findings solely within, and for the purposes of, this proceeding and in accordance with this Order. PROTECTED SECURITY MATERIALS shall not otherwise be published, disclosed or divulged except as expressly provided herein. The TRA Directors, TRA staff and any other party shall treat all notes memoranda or opinions regarding or derived from the PROTECTED SECURITY MATERIALS as highly confidential and shall keep them in a secure location with access limited to an authorized representative and the contents of PROTECTED SECURITY MATERIALS and any information derived from them shall be considered highly confidential, and shall not be deemed public records. The TRA staff, any party, Hearing Officer, or the TRA Directors may discuss any position or conclusion regarding security expenditures and testimony in briefs, orders, pleadings, or hearings in this proceeding without disclosing protected information to the public in accordance with this Order.

22. That any party aggrieved with the Authority's decision in this matter may file a petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.

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Deborah Tate, Chairman

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Ron Jones, Director

---

Pat Miller, Director

---

Sara Kyle, Director

APPROVED FOR ENTRY:

Chattanooga Gas Company

By: *D. Billye Sanders*

D. Billye Sanders

Its Attorney

Waller Lansden Dortch & Davis, PLLC

511 Union Street, Suite 2100

Nashville, TN 37219-1760

(615) 244-6380

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

IN RE:

PETITION OF CHATTANOOGA GAS  
COMPANY FOR APPROVAL OF  
ADJUSTMENT OF ITS RATES AND  
CHARGES AND REVISED TARIFF

DOCKET NO. 04-\_\_\_\_\_

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AGREEMENT TO COMPLY WITH PROTECTIVE ORDER

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I have reviewed the Protective Order entered in the above-captioned matter and agree to abide and be bound by its terms. I understand that unauthorized disclosure of documents labeled "CONFIDENTIAL or "PROTECTED SECURITY MATERIALS" will be a violation of the Order.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
NAME

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

Personally appeared before me, \_\_\_\_\_, a Notary Public, \_\_\_\_\_, with whom I am personally acquired, who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand, at office, this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

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**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY**

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**PREPARED TESTIMONY  
OF  
STEVE LINDSEY**

**Q. Please state your name and business address.**

A. My name is Steve Lindsey, and my business address is 2207 Olan Mills Drive,  
Chattanooga, Tennessee 37421.

**Q. What is your position with Chattanooga Gas Company?**

A. I am Vice President.

**Q. Please provide a summary of your background and professional experience.**

A. I graduated from Georgia Institute of Technology in 1989 with a Bachelor's  
Degree in Mechanical Engineering and began work with Atlanta Gas Light  
Company ("AGLC") as a Distribution Engineer. Since being employed by  
AGLC, I have served in various positions including Commercial/Industrial  
Representative, Engineering Supervisor, Service Center Manager, Managing  
Director-Field Operations, and Managing Director- Marketer Services, Marketing  
and Sales. In 2003 I was appointed Vice President-Operations for Chattanooga  
Gas Company ("Chattanooga" or the "Company"). My primary responsibilities  
are the general oversight of the operations for Chattanooga Gas Company.

**Q. What is the purpose of your testimony in this proceeding?**

A. As Vice President, I am providing a general overview of Chattanooga Gas  
Company's operations and a summary of the rate relief that the Company is



1 requesting. I will also address the Company's proposal to capitalize the stored  
2 gas inventory carrying costs and include them in the value of the gas asset, as well  
3 as the Company's proposal to implement the Bare Steel and Cast Iron Tracker, the  
4 Chattanooga Assisted Rate for Energy Service (CARES) Program, the Semi-Firm  
5 Sales Service (SFSS) Rate Schedule SF-1, and other modifications to the  
6 Company's tariff provisions. Mr. Mike Morley will provide testimony  
7 concerning the Company's expenses, investment in utility property, the capital  
8 structure, and revenue deficiency; Mr. Phil Buchanan will provide testimony  
9 concerning the Company's revenues and rate design; Mr. Richard Lonn will  
10 address the Company's Bare Steel and Cast Iron replacement program and the  
11 impact of the pipeline integrity requirements; and Dr. Roger Morin will address  
12 the required cost of equity.

13 **Q. Are you sponsoring an exhibit in connection with your response testimony?**

14 A. Yes, I am sponsoring two exhibits. CGC Exhibit No. SL-1 contains the  
15 Company's proposed Tariff sheets which provide for the recovery of the stored  
16 gas inventory carrying costs and the Bare Steel and Cast Iron Pipeline  
17 Replacement Program costs through base rates. CGC Exhibit SL-2 contains the  
18 Company's preferred Tariff sheets. These Tariff sheets do not include the stored  
19 gas inventory carrying costs or the Bare Steel and Cast Iron Replacement Program  
20 costs in base rates.

21  
22 **Q. Would you please describe the Company?**

1 A. Chattanooga Gas Company is a wholly owned subsidiary of AGL Resources, the  
2 holding company that is also the parent of Atlanta Gas Light Company and  
3 Virginia Natural Gas Company. Chattanooga provides natural gas service to  
4 approximately 52,000 residential customers, 8,400 commercial and small  
5 industrial customers, and 70 large industrial customers in Chattanooga and  
6 Cleveland, Tennessee and the surrounding Hamilton and Bradley County area.  
7 For the twelve months ended September 30, 2003 the company distributed 16.3  
8 Million Mcfs of natural gas.

9 **A. REQUEST FOR RATE RELIEF**

10 **Q. When was Chattanooga Gas Company's last rate increase?**

11 A. Chattanooga was last granted a general rate increase in 1995 in Tennessee  
12 Regulatory Authority ("TRA") Docket No. 95-02116. In 1998 rates were reduced  
13 in TRA Docket No. 97-00982.

14 **Q. How do the average number of residential customers and volumes of gas**  
15 **delivered used to set rates in 1998 compare with the number of customers**  
16 **and volumes delivered during the twelve months ended September 30, 2003?**

17 A. When rates were set in 1998, the average number of R-1 residential customers  
18 was 47,499 and the total R-1 usage was 4,300,096 Mcfs. In contrast, during the  
19 12 months ended September 30, 2003 the average number of R-1 customers was  
20 50,810 and the total R-1 usage was 3,897,311 Mcfs. This is a decline of  
21 approximately 9% in sales volumes. Further the rates were based on an average  
22 of 434 Multi-Family R-4 units and 26,975 Mcfs of usage compared to an average  
23 of 280 units and 13,100 Mcfs of usage during the twelve months ended September

1 30, 2003. This reflects a 35% reduction in units and a 51% reduction in sales  
2 volumes.

3 **Q. How has the average number of commercial customers and the related**  
4 **volumes changed since the last rate case?**

5 A. When rates were set in 1998, the average number of C-1 commercial customers  
6 was 7,889 with 4,399,534 Mcfs of usage compared to an average of 8,177  
7 customers and 3,898,001 Mcfs of usage during the twelve months ended  
8 September 30, 2003. While there has been a 3.6% increase in customers, usage is  
9 11% below the volumes used to set rates.

10 **Q. Has there been a similar change in the number of industrial customers and**  
11 **volumes?**

12 A. While the number of industrial customers has not changed materially, the volume  
13 of gas distributed to these customers declined in excess of 15%. In 1998 the  
14 average number of industrial accounts was 74 with 10,072,969 Mcfs of usage  
15 compared to an average of 73 accounts during the twelve months ended  
16 September 2003. The usage by these customers, however, declined from  
17 10,072,969 Mcfs to 8,538,503 Mcfs.

18 **Q. How have these differences affected the Company's gross margin?**

19 A. The rates approved by the TRA in the last rate case were to produce a gross  
20 margin (gross revenue less the cost of gas) of \$31,545,286. The gross margin for  
21 the twelve months ended September 30, 2003 was \$ 29,976,724 - a reduction of  
22 \$1,521,622 or 4.8%.

1   **Q.     What test period and attrition period has Chattanooga used to evaluate its**  
2   **gross margin and determine the need for rate relief?**

3   A.    The historic test period used to evaluate Chattanooga's gross margin was the  
4   twelve months ended September 30, 2003. The attrition period used to reflect  
5   Chattanooga's operations during the first twelve months that the proposed new  
6   rates will be in effect is the twelve months ending June 30, 2005.

7   **Q.     What is the net operating income, Rate Base, and rate of return under**  
8   **current rates for the attrition period?**

9   A.    As shown on Exhibit MJM-1, Schedule 1 the net operating income under current  
10   rates for the attrition period is \$ 5,687,380 and the Rate Base is \$95,564,212  
11   which results in an overall return of 5.95%. The Company is proposing a return  
12   of 8.84%. The development of these amounts is discussed by Mr. Morley and Dr.  
13   Morin.

14   **Q.     What rate relief is the Company requesting?**

15   A.    As will be addressed by Mr. Morley, Chattanooga's current rates are inadequate  
16   and will not provide the Company a reasonable opportunity to recover its  
17   operating cost and earn a just and reasonable return on its \$95,564,212 investment  
18   in assets devoted to utility use. Without rate relief, Chattanooga will have an  
19   approximate \$4.6 million revenue deficiency during the attrition period. In order  
20   to have an opportunity to earn a just and reasonable return, Chattanooga is  
21   requesting that it be allowed to increase its rates to alleviate the \$4.6 million  
22   revenue deficiency.

23   **Q.     How does Chattanooga propose to recover this revenue deficiency?**

1 A. Chattanooga has filed tariff sheets with increased base rates that allocate the entire  
2 \$4.6 million increase uniformly across the customer classes. However, as a  
3 preferred alternative, Chattanooga is requesting that instead of recovering the full  
4 revenue deficiency through base rates (1) that the carrying charges related to the  
5 stored gas inventory be capitalized and included in the value of the gas asset, and  
6 (2) that the cost of the Company's Bare Steel and Cast Iron Pipeline Replacement  
7 Program be recovered through a separate Tracker. Adopting this alternative  
8 would reduce the \$4.6 million requested increase in base rates to approximately  
9 \$2.4 million.

10 **B. CAPITALIZATION OF CARRYING COSTS**

11 **Q. Please explain how capitalizing the carrying costs for stored gas inventory**  
12 **reduces the increase in base rates.**

13 A. The Company's projected average investment in stored gas inventory during the  
14 attrition period is approximately \$14.2 million. Traditionally, this inventory is  
15 included in Rate Base, which results in the cost of financing the inventory (return  
16 plus related taxes) (the "carrying costs") to be included in the cost of service  
17 recovered through the base rates. In the alternative filing, Chattanooga proposes  
18 that the stored gas carrying costs be treated the same as the carrying costs for  
19 electrical power or gas used in the process of liquefying natural gas for storage as  
20 LNG. Such costs are capitalized and included in the value of the stored gas asset.  
21 The carrying costs would then be recovered as are other gas costs.

22 **Q. What is the revenue requirement impact of capitalizing the carrying costs for**  
23 **stored gas inventory?**

1 A. Capitalizing the carrying costs would reduce the revenue requirement to be  
2 recovered through base rates by approximately \$1.7 million for the attrition period  
3 ending June 30, 2005

4 **Q. Why is capitalizing the carrying costs of the stored gas inventory**  
5 **appropriate?**

6 A. In order to insure an adequate supply of gas during the winter heating season,  
7 Chattanooga purchases and stores gas that it can withdraw and utilize when  
8 needed. This stored gas inventory is a major portion of the Company's  
9 investment in property devoted to utility service. In fact, for the attrition period,  
10 \$14 million of the total \$96 million Rate Base is the stored gas inventory. This  
11 \$14 million investment differs from other utility assets included in Rate Base such  
12 as main, services, meters, etc. Unlike those long lived assets, the gas inventory  
13 has frequent turnover as it is withdrawn during the heating season and replaced  
14 during the injection season. Further, due to the volatility of gas prices, the value  
15 of the stored gas can vary drastically from one heating season to another or from  
16 one month to another. While gas prices have historically varied, the current level  
17 of volatility in prices has the potential to cause major swings in the inventory  
18 value that have not been experienced in previous periods. Since the actual  
19 carrying costs for the stored gas inventory vary as the inventory value varies the  
20 traditional approach of recovering the carrying costs through base rates puts both  
21 the customer and the Company in jeopardy. The customer is in jeopardy of, in the  
22 future, paying a return based on an inventory value that has materially declined  
23 while the Company is in jeopardy of not earning a just and reasonable return as

1 the result of a material increase in the inventory value. Capitalizing the carrying  
2 costs and including them in the value of the asset is a self correcting mechanism  
3 that matches the carrying costs with the value of the stored gas.

4 **Q. How does Chattanooga propose to compute and account for the carrying**  
5 **costs?**

6 A. Each month the carrying costs related to each storage account would be computed  
7 by multiplying the inventory balance by 1/12<sup>th</sup> the approved overall rate of return  
8 adjusted for income and excise tax impact on the equity return component. The  
9 carrying costs would be included in the inventory value used to calculate the  
10 Weighted Average Cost of Gas (WACOG) which is used to record the cost of gas  
11 withdrawn from storage.

12 **C. BARE STEEL AND CAST IRON TRACKER**

13 **Q. Will you briefly address the proposed Bare Steel and Cast Iron Tracker?**

14 A. As Mr. Lonn will discuss in more detail, Chattanooga is initiating a program to  
15 replace, over the next ten years, approximately 100 miles of bare steel and cast  
16 iron mains that remain in its distribution system today. As a result of this  
17 initiative, the Company's construction program will increase approximately \$3  
18 million in each of the next ten years. Unlike other construction projects that  
19 extend the system and add new customers, this main replacement activity will not  
20 produce additional revenues. Thus, the project will cause the Rate Base to  
21 increase resulting in an increase in the return requirements, the related taxes, and  
22 the depreciation expense without any offsetting revenues. The effect of this  
23 program alone would be to require the Company to file a series of rate cases in

1 order to have the opportunity to earn a just and reasonable return. To alleviate the  
2 need for rapidly reoccurring rate cases, Chattanooga is proposing the adoption of  
3 a recovery mechanism that adjusts the commodity rate each year to offset the  
4 impact of the program. The tariff language providing for this recovery  
5 mechanism is included on proposed Tariff Sheet 47. Mr. Lonn will provide  
6 additional discussion of this program and the mechanism for recovery of the  
7 costs.

8 **.Q. Is it correct that if the Bare Steel and Cast Iron Replacement Program**  
9 **Tracker is implemented, the proposed base rate increase would be reduced**  
10 **by approximately \$359,000?**

11 A. Yes. Further, if this Tracker is implemented along with the capitalization of the  
12 stored gas carrying costs, the requested base rate increase would decrease from  
13 \$4.6 million to approximately \$2.4 Million. The rates required to recover the \$2.4  
14 million are shown in comparative format with those required to recover the full  
15 \$4.6 million on Mr. Buchanan's Exhibit PGB-10.

16

17 **D. CHATTANOOGA ASSISTED RATE FOR ENERGY SERVICE**

18 **TRACKER**

19 **Q. Will you describe the proposed Chattanooga Assisted Rate for Energy**  
20 **Service (CARES) Tracker?**

21 A. Yes. Chattanooga is proposing to provide elderly low income customers a credit  
22 of \$7.50 per month. This credit will be equal to the summer Customer Charge  
23 which is the minimum monthly bill for May-October. This program is similar to



1 the Social Responsibility program in place in Georgia and the telephone  
2 companies' LifeLine program. Customers who are 65 or older and who qualify  
3 for Temporary Assistance to Needy Families (TANF), previously known as  
4 AFDC, Supplemental Security Income (SSI), Food Stamps, or Medicaid, as  
5 provided under TennCare, will be eligible. Additionally, a customer 65 years of  
6 age or older with a total gross annual income that does not exceed 125% of the  
7 federal poverty income guidelines may apply directly to the TRA for eligibility  
8 certification.

9 **Q. How will the program be funded?**

10 A. The program will be funded through a surcharge on each therm of system  
11 throughput. Each month Chattanooga will record the total credits issued under the  
12 program in a deferred account and will credit the deferred account for the total  
13 surcharge billed. The Company will re-compute the surcharge annually by  
14 dividing the balance in the deferred account by the total throughput for the year.

15

16

17 **E. EXPERIMENTAL SEMI-FIRM SALES SERVICE RATE SCHEDULE SF-1**

18 **Q. Please describe the proposed Semi-Firm Sales Service (SFSS) Rate Schedule**  
19 **SF-1.**

20 A. The provisions of the Semi-Firm Sales Service (SFSS) Rate Schedule SF-1 are  
21 presented on Tariff Sheets 32 through 32B. Chattanooga proposes to offer this  
22 service on an experimental basis for three years to provide the industrial  
23 customers ("eligible customers") with an option to help mitigate the impact of

1 extreme fluctuations in gas prices. This tariff provides for an industrial customer  
2 to reserve a volume of stored gas at a predetermined price to be withdrawn when  
3 needed during the period from November 1 to March 31. This service will allow  
4 the eligible customers to reduce the effects of the rapid increase in gas costs that  
5 have occurred in recent years.

6 **Q. What are the mechanics of the proposed experimental tariff?**

7 A. On August 1 of each year the Company will post the total Deliverability, total  
8 Reserved Volumes that will be made available to eligible customers, and the  
9 minimum Deliverability and Reservation rates that will be acceptable to the  
10 Company for the upcoming Heating Season (November 1-March 31). The  
11 Company will also post the commodity rate that will be applied to the Reserved  
12 Volumes when the gas is delivered to the customer. Customers eligible to receive  
13 service under this Rate Schedule may submit bids on or before August 20 that  
14 include the customer's desired Maximum Daily Deliverability; the dollar value  
15 the customer places on the requested Maximum Daily Deliverability volume in  
16 the form of a monthly unit Deliverability Rate; the customer's desired total  
17 Reserved Volume; and the value the customer places on the requested Reserved  
18 Volume in the form of a monthly unit Reservation Rate.  
19 On or before August 25 the Company will evaluate all bids and award the Daily  
20 Deliverability and Reserved Volumes. On or before August 31 the winning  
21 bidders will enter into a contract to purchase from the Company the requested  
22 and/or allocated Reserved Volumes.

23 **Q. How will the Company evaluate the bids?**

1 A. The bids will be evaluated on the basis of the Net Present Value (NPV). If two  
2 or more bids generate the same NPV and the requested volumes exceed the total  
3 Daily Deliverability or total Reserved Volume available for use under this Rate  
4 Schedule, the Daily Deliverability will be allocated to the winning bidders on a  
5 pro rata basis.

6 **Q. How will this service function during the during the Heating Season**  
7 **November 1-March 31?**

8 A. Customers that have entered in a contract with the Company for SFSS volumes  
9 will notify the Company by fax or e-mail by 12:00 Noon on the day prior to the  
10 effective gas day that the customer desires to use volumes available under this  
11 Rate Schedule. Customers will be notified via e-mail or fax when demand for gas  
12 volumes under this Rate Schedule is terminated or allocated due to deliverability  
13 limitations pursuant to the availability provisions of this Rate Schedule. Provision  
14 of gas under this Rate Schedule will automatically end when the customer has  
15 utilized the customer's Reserved Volume for the applicable Heating Season.

16 **Q. What rates will apply to this service?**

17 A. There are six rates that will apply to this service offering:

- 18 1. Maximum Deliverability Rate - A charge per Dth applied to the  
19 Maximum Daily Deliverability that the customer bid and the Company  
20 accepted.  
21
- 22 2. Reservation Rate - A charge per Dth applied to the Reserved Volume that  
23 the customer bid and the Company accepted.  
24
- 25 3. Supplier Demand Rate - A charge per Dth applied to the Maximum Daily  
26 Deliverability awarded to the customer. The purpose of this charge is to  
27 recover the total fixed costs from the interstate pipeline associated with  
28 the storage service(s) underlying this service. All revenue collected from  
29 this charge shall be credited to the Deferred Gas Cost Account as

1 recovered Demand cost under the Purchased Gas Adjustment provision  
2 of the Company's tariff.

- 3
- 4 4. Supplier Volumetric Rate – A charge per Dth for volumes delivered  
5 under this Rate Schedule during the preceding month. The purpose of  
6 this charge is to recover the total variable interstate pipeline costs  
7 associated with providing this service, including but not limited to the FT  
8 volumetric charge, storage injection and withdrawal charges and any and  
9 all associated fuel and surcharges. Revenues collected from this charge  
10 shall be credited to the Deferred Gas Cost Account as recovered  
11 Commodity cost under the Purchased Gas Adjustment provision of the  
12 Company's tariff.
- 13
- 14
- 15 5. Commodity Rate – A rate per Dth for gas delivered under this Rate  
16 Schedule during the preceding month. The rate to be applied to the  
17 Reservation Volumes will be posted on July 1 of any given year.  
18 Revenues collected from this charge shall be credited to the Deferred Gas  
19 Cost Account as recovered Commodity cost under the Purchased Gas  
20 Adjustment provision of the Company's tariff.
- 21
- 22 6. Carrying Cost - The monthly cost for retaining the Reserved Volumes  
23 contracted by customer. The charge shall be billed monthly and will be  
24 calculated by multiplying the remaining Reserved Volumes by the  
25 Company's pretax authorized rate of return.
- 26

27

28 **Q. Please explain the process concerning reserved gas remaining at the end of**  
29 **the Heating Season on March 31?**

30 **A.** If a customer does not utilize the customer's total Reserved Volume awarded by  
31 the Company, the remaining volume as of April 1 will be transferred to the  
32 Company's system inventory (excluding Company LNG). If there is a positive  
33 difference between the per Dth rate charged to the customer during the Heating  
34 Season and the Company's per Dth cost of inventory (excluding Company LNG)  
35 as of April 1, the customer will be billed for such difference in its next monthly  
36 bill.

1    **Q.     Why is this service called Semi-Firm?**

2    **A.**While the gas distributed under this Rate Schedule will have priority over other  
3           interruptible deliveries, the service may be interrupted on any given day  
4           contingent on the Company's ability to provide service to the Company's firm  
5           rate-payers.

6    **Q.     How will Chattanooga account for the revenues from this service?**

7    **A.**The revenue from the Supplier Demand Rate and Supplier Volumetric Rate will  
8           be credited to the Deferred Gas Account since these charges are to recover  
9           interstate pipeline costs that are passed through to the customers through the  
10          Purchased Gas Adjustment provision of the Company's tariff ("PGA"). The  
11          revenue from the Commodity Charge will also be credited to the Deferred Gas  
12          Cost account as the recovery of gas cost that flow through the PGA.

13   **Q.     Why is Chattanooga requesting this be an experimental rate schedule?**

14   **A.**This is a truly an experimental offering. While Chattanooga believes it will be a  
15          successful offering, the Company recognizes that modifications may be required  
16          or the offering may not prove to be successful. As a result, the Company has not  
17          mechanized the process for implementing this offering. The implementation of  
18          the offering, including billing, will be conducted on a manual basis. Once the  
19          Company has sufficient experience with the service offering, the necessary  
20          modification to its information and billing systems can be determined.  
21          Chattanooga requests that the offering be classified as experimental for a three  
22          year period during which time the Company, the customers, and the TRA can  
23          observe the results and determine if changes are necessary.

1    **Q.     Does Chattanooga have plans to implement any new Information Technology**  
2       **as part of this offering?**

3    **A.**    Presently, AGL Resources is reviewing its Information Technology needs on a  
4           consolidated basis. The systems currently in place are old, and do not provide the  
5           functionality needed. Modifications are difficult and expensive. While the  
6           Company recognizes that the cost increase may be material, no costs for new  
7           systems have been included in this proceeding. The Company is aware that  
8           additional rate relief may be required in the future as a result of upgrading the  
9           systems.

10

11           **F.     ADDITIONAL CHANGES TO CHATTANOOGA’S TARIFF**

12   **Q.     Are there other changes to Chattanooga’s tariff sheets?**

13   **A.**    Yes. The first change that I will address is the change in the units used to bill  
14           customers. Currently Chattanooga’s tariff provides that billing can be in One  
15           Hundred cubic Feet (Ccf) increments, One Thousand cubic feet (Mcf) increments,  
16           or Therms. However, the rates as stated in the tariff are in Ccfs or Mcfs units.  
17           Effective with the revised tariff, the Company will bill customers in Therms or  
18           Dekatherms (10 Therms). Such billing is consistent with Nashville Gas’ billing  
19           process in Tennessee, and the bills that Chattanooga receives from its suppliers  
20           and interstate pipelines.

21   **Q.     Why is it appropriate to bill in Therms or Dekatherms instead of Ccfs or**  
22       **Mcfs?**

1 A. Therm and Dekatherm are measures of energy where Ccf and Mcf are measures  
2 of volume. If all natural gas contained the same energy potential per each cubic  
3 foot, the unit of measure would not matter. One cubic foot of natural gas would  
4 contain the same amount of energy, so a customer or supplier would be indifferent  
5 to the unit of measure. The amount of energy contained in a cubic foot of natural  
6 gas, however, does differ. As new sources of supply are introduced there is  
7 potential for the variation to become more material than in the past. The use of  
8 the Therm or Dekatherm to bill customers is more appropriate than the continued  
9 use of Ccf or Mcf.

10 **Q. Are there other changes to Chattanooga's tariff sheets?**

11 A. Yes. In order to help in the management of its gas supply and maintain the  
12 integrity of the system, Chattanooga has included in the tariff sheets for Rate  
13 Schedules L-1, T-1, and T-2 a provision that requires annual commitments from  
14 the customers serviced under these Rate Schedules.

15 **Q. Please state the new tariff language that addresses the required commitment.**

16 A. The new tariff language is as follows:

17 1. Service taken under this rate shall be by contract for a term of one  
18 year.. Once a qualified Customer elects service under this Rate  
19 Schedule, all service will be provided under the terms and conditions  
20 of this Rate Schedule for a term extending through the following May  
21 31. A new customer beginning service after May 31 shall contract for a  
22 term extending through the following May 31. Upon meeting the  
23 qualifications contained therein, a Customer may receive service under  
24 Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer  
25 may elect to discontinue service under this Rate Schedule and receive  
26 service under Rate Schedule T-1 by giving written notice to the  
27 Company prior to March 1 of any year. Proper notice having been  
28 provided, the Customer shall discontinue service under this Rate  
29 Schedule effective the first June 1 following the notice.  
30 Similar provisions are included in the T-1 and T-2 Rates Schedules.

1  
2

3 **Q. Do any other regulated utilities operating in Tennessee have a similar**  
4 **provision for the service provided under the Interruptible Sales and**  
5 **Transportation Rate Schedules?**

6 A. Yes. This provision is the basically the same as that included in Nashville Gas  
7 Company's tariffs.

8 **Q. Are there any other changes that affect the I-1, L-1, T-1, and T-2 Rate**  
9 **Schedules?**

10 A. Yes there is one change that affects all four of the Rate Schedules, two changes  
11 that impact only the interruptible L-1 Rate Schedule and one that affects only the  
12 Transportation Rate Schedules T-1 and T-2.

13 The change that affects all four Rate Schedules is the change in the provision of  
14 measuring devices. The current tariff sheets provide that new I-1, L-1, T-1, and  
15 T-2 customers pay \$2,500 for the cost and installation of Metretek Data  
16 Collections Equipment and that all such customers pay the monthly cost of power  
17 and telephone necessary for the operation of such equipment. The proposed tariff  
18 provides that such new customers pay the actual cost of purchasing and installing  
19 the measurement equipment. Unlike the current tariff, the manufacture of the  
20 measurement equipment is not specified, but allows for the appropriate equipment  
21 to be installed. The provision relative to the installation and the monthly cost of  
22 telephone line necessary for the operation of such equipment has been expanded  
23 to include wireless facilities where appropriate.

24 **Q. What two additional changes have been made to the L-1 Rate Schedule?**



1 A. The incremental rate provision included in Rate Schedule L-1 has been modified  
2 to provide that gas distributed to customers under this provision will be priced at  
3 the applicable index rate plus the variable pipeline charges on days when gas is  
4 not being withdrawn from Chattanooga's LNG facility. On days that gas is being  
5 withdrawn from the LNG facility the incremental rates will include the cost of gas  
6 used in the liquefaction and vaporization process.

7 The L-1 Rate Schedule has also been modified to clarify that service under this  
8 Rate Schedule can be curtailed for economic reasons to protect the firm rate  
9 customers.

10 **Q. What other change is proposed to the Interruptible Transport Rate Schedule**  
11 **T-1 and the Interruptible Transport with Firm Backup Rate Schedule T-2**  
12 **tariff pages?**

13 A. The cash-out provisions for the T-1 and T-2 Rate Schedules have been changed.

14 **Q. Please explain the term cash-out.**

15 A. Transportation customers purchase their own gas and arrange to have it delivered  
16 to Chattanooga's Citygate. Chattanooga then delivers the gas to the customer's  
17 premise where it is measured. When the amount of gas that the customer has  
18 delivered to Chattanooga's Citygate is either greater or less than the amount of  
19 gas that the customer actually consumes, the customer is out of balance. If the  
20 customer has less gas delivered than is used the customer is in a short situation  
21 and has burned gas Chattanooga has purchased for system supply. If the amount  
22 of gas is greater than the amount that the customer uses, the customer is in a long  
23 situation and has delivered gas into the system that other customers have used.

1        Either situation causes problem for Chattanooga in managing its gas supply. The  
2        greater the difference in the amount delivered to the Citygate and the amount used  
3        by the customer, the greater the problem.

4        The current tariff provides that when a customer uses more gas than it has  
5        delivered, the customer pays the rate applicable to the Interruptible L-1 Rate  
6        Schedule. When the customer delivers more gas than used the Company  
7        purchases the excess gas “....at the Consumer's average commodity cost of gas  
8        purchased, including all applicable transportation costs (excluding penalties)  
9        during said month, except that the average commodity cost paid to Consumer by  
10       Company shall not exceed the Company's lowest priced commodity cost of gas in  
11       effect during said month.” This current process is confusing and a problem to  
12       administer and does not recognize the problems that occur as the amount of the  
13       over or under supply increases.

14       The proposed language is similar to the provision in Nashville Gas Company's  
15       tariff and includes a progressive incentive for the transportation customers to  
16       monitor and to insure that the needed amount of gas is delivered to the Citygate.

17    **Q.    What is an overrun?**

18    A.    An overrun occurs when a customer takes more gas than the customer is entitled  
19       to take under the customer's daily contract or when the customer does not comply  
20       with the utility's curtailment order.

21    **Q.    Has Chattanooga proposed to modify the overrun provisions?**

22    A.    Yes. Under the proposed tariff language the customer will be billed at the greater  
23       of \$3.00 per therm or an amount equal to the actual cost by the Company as the

1 result of the customer's overrun. The current tariff language provides for a  
2 payment of the greater of \$1.50 per Ccf or actual cost incurred.

3 **Q. Are there other tariff provisions that have been changed?**

4 A. Yes. The revised tariff also provides that as a convenience to the customer, the  
5 Company may receive payment through a third party service provider that  
6 processes payment by telephone. The third party service provider may collect  
7 directly from the customer a separate charge for processing the payment. The  
8 customer would not be required to utilize this service and could pay by mail or at  
9 a collection location. The processing of the payment by telephone is a service  
10 provided by an independent third party and is not a charge being imposed by  
11 Chattanooga.

12 **Q. Are there any proposed modifications to the Company's Main and Service**  
13 **Extension Policy as provided in the tariff?**

14 A. Yes. The Main and Service Extension Policy has been modified to allow the  
15 actual cost of constructing the facilities be used to determine the required  
16 customer contribution when the actual cost is materially different from the  
17 amount computed using the average cost factors filed with the TRA. This will  
18 insure that contributions from new customers are reasonable and continue to  
19 protect other customers from uneconomic extensions to serve new customers.

20 **Q. Have revisions been made to the tariff that address the Company's seasonal**  
21 **disconnect procedure?**

22 A. The Company has proposed to provide customers who disconnect on a seasonal  
23 basis an option that allows them to avoid the seasonal reconnect charge and the

1 necessity of arranging to have gas service restored before the next heating season.  
2 Rather than actually disconnecting service, Chattanooga proposes that billing be  
3 suspended for the customer electing the option until usage exceeds 3 therms  
4 during a billing cycle. The customer's meter will continue to be read and the  
5 account will remain active in the system but no payment will be required. At the  
6 end of the first month that usage exceeds 3 therms, the account will be moved  
7 from suspended status, the customer will be billed the Customer Charge for that  
8 month and total consumption since account was suspended. The following month  
9 the account will be billed in the normal routine.

10 **Q. Are there other changes to the Tariffs?**

11 A. The definitions in the Rules and Regulations section of the tariff are being  
12 expanded to include definitions of terms that were not previously defined. Other  
13 housekeeping type changes have also been made.

14 **Q. Has Chattanooga included any cost for funding the Gas Technology**  
15 **Institute?**

16 A. No. The current funding of the Institute is collected by the interstate pipeline  
17 through a charge to the distribution companies they service. The cost is included  
18 in the transportation cost recovered through the PGA. Chattanooga recognizes  
19 that the current funding procedure is being phased out and that the GTI is seeking  
20 a new funding mechanism at the State level. If the TRA determines it to be  
21 appropriate, CGC is not opposed to a mechanism similar to that in place today  
22 that does not increase the amount collected from the end use customer.

23 **Q. Does this conclude your testimony?**

1 A. Yes.

**..CHATTANOOGA GAS COMPANY  
GAS TARIFF  
TRA NO. 1  
TENNESSEE REGULATORY AUTHORITY  
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**RATE SCHEDULE R-1**  
**Residential General Service**

AVAILABILITY

Available for all gas service furnished to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered or measured, irrespective of the fact that a person other than the resident: (1) is contractually bound to the Chattanooga Gas Company (Company) for the charges, or (2) actually pays the charges, or (3) is billed for the charges. Use of gas service in hotel or motel units by transient occupants shall not constitute residential use. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate</u> November-April	<u>Summer</u> <u>Net Rate</u> May-October
<u>Customer Base Use Charge</u>	\$14.00	\$7.50
<u>Commodity Charge</u>		
First 50 Therm Per Month	24.72¢ Per Therm	24.72¢ Per Therm
Over 50 Therm Per Month	15.00¢ Per Therm	15.00¢ Per Therm
<u>Summer Air -Conditioning Charge</u>		
Over 50 Therm Per Month	----	15.00¢ Per Therm
<u>Standby Service Demand Charge</u>		
Rate Per Therm Of Input Per Month	Demand Charge Applicable To I-1 Customers	Demand Charge Applicable To I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms.

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therm}$$

Monthly billing in units of CCF, DTH or Therms may be based upon monthly or bi-monthly meter reading.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

SUMMER AIR-CONDITIONING RATE

Available to any residential Customer who has installed and regularly operates a gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.



**RATE SCHEDULE R-1 (Continued)**

**STANDBY SERVICE**

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenues realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

**GAS LIGHT SERVICE**

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

**MULTIPLE BILLING**

Where the Company serves a number of separate dwelling units under common ownership on the same premises with service through a single meter, the minimum charge and the quantity of gas within each block of the above rates shall be multiplied by the number of individual units in which gas is consumed.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-0712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE R-4**  
**Multi-Family Housing Service**

**AVAILABILITY**

Available to any public housing authority, or to any private company which operates a housing project containing not less than 50 dwelling units, which uses gas in each dwelling unit for two or more of the following purposes: Cooking, water heating, refrigeration, air conditioning and space heating, and which contracts for gas service for a period of not less than one year, and is subject to the Chattanooga Gas Company (Company)'s determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly without the approval of the Company.

MONTHLY BASE RATE (Per Dwelling Unit  
Connected)

Winter

Summer

Net Rate  
November- April  
\$6.00/Unit

Net Rate  
May-October  
\$6.00/Unit

Customer Base Use Charge

Commodity Charge

Flat Rate Per Month

21.83¢ Per Therm

21.83¢ Per Therm

Air -Conditioning Commodity Charge

Flat Rate Per Month

----

15.00¢ Per Therm

Standby Service Demand Charge

Rate Per Therm Of Input Per Month

Demand Charge Applicable  
To I-1 Customers

Demand Charge Applicable To  
I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therm}$$

Monthly billing in units of CCF, DTH or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**SUMMER AIR-CONDITIONING RATE**

Available to any multi-family housing Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

**MINIMUM BILL**

The minimum monthly bill shall be the Customer Base Use Charge per dwelling unit as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**Rate Schedule R-4 Multi-Family Housing Service (Continued)**

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE C-1**

**Commercial and Industrial General Service**

**AVAILABILITY**

Available to any commercial or industrial Customer for all purposes. Gas service under this rate schedule in excess of 1,000 THERM per day shall be, at the option of Chattanooga Gas Company (Company), by written contract for a term of one year or less providing for monthly payment of gas Service, and is subject to the Company's determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

**MONTHLY BASE RATE**

Therm

Winter

Net Rate

November-April

Summer

Net Rate

May-October

Customer Base Use Charge

\$30.00

\$20.00

Commodity Charge

First 5,000 Therm Per Month

29.32¢ Per Therm

29.32¢ Per Therm

Over 5,000 Therm Per Month

15.00¢ Per Therm

15.00¢ Per Therm

Air -Conditioning Charge

Flat Rate Per Month

----

15.00¢ Per Therm

Standby Service Demand Charge

Rate Per CCF of Input Per Month

Demand Charge Applicable to  
I-1 Customers

Demand Charge Applicable to  
I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therm}$$

Monthly billing in units of CCF, DTH or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**SUMMER AIR-CONDITIONING RATE**

Available to any commercial or industrial Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for summer air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

**MINIMUM BILL**

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**RATE SCHEDULE C-1(Continued)**

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**STANDBY SERVICE**

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenue realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

**GAS LIGHT SERVICE**

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

**SPECIAL TERMS & CONDITIONS**

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per DTH or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company.

**RATE SCHEDULE C-1(Continued)**

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Service Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE I-1**

**Commercial and Industrial Large Volume Firm Sales Service**

**RESTRICTED AVAILABILITY**

This rate is available to those Customers actually taking service under Rate Schedule I-1 as of February 1, 1994. This rate will be available to additional Customers subsequent to February 1, 1994 only upon Chattanooga Gas Company (Company)'s ability to provide adequate gas supply to support the sale on terms and conditions which are satisfactory in the sole judgment of the Company subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer.

**AVAILABILITY**

Available to any commercial or industrial Customer for all purposes under the following conditions:

1. Service shall be limited to Customers consistently using a minimum of 36,500 DTH annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers.
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of not less than 12 months.

**MONTHLY BASE RATE**

Dth

**Net Rate**

Customer Base Use Charge

\$300.00

Demand Charge

Per Unit of Billing Demand

\$3.00 Per Dth

Commodity Charge

First 1,500 Dth Per Month

\$1.0263 Per Dth

Next 2,500 Dth Per Month

\$0.8773 Per Dth

Next 11,000 Dth Per Month

\$0.4979 Per Dth

Over 15,000 Dth Per Month

\$0.3060 Per Dth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**RATE SCHEDULE I-1 (Continued)**

**MINIMUM BILL**

The minimum monthly bill shall be the Customer's Base Use Charge as shown in the Monthly Base Rate stated above plus the amount of the individual Customer's Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule Payment Terms

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**BILLING DEMAND**

The billing demand shall be the greater of (a) or (b) below:

- (a) The demand for the current month is always the highest demand day in any of the previous 11 billing months plus the current billing month - bearing in mind that demand days are established only during the billing months of November, December, January, February and March
- (b) The demand will be 65% of the average daily consumption for the preceding months of April through October.

Whenever a Customer commences taking service under this rate between April 1, and October 31 of any year, the billing demand for each billing month prior to the November billing shall be 6% of the monthly consumption in each such month. Commencing with the billing month of November, the billing demand shall be determined either under (a) or (b) above.

**DETERMINATION OF DEMAND DAY**

The demand day shall be determined at the option of the Company by one of the following methods:

- 1. By measuring the maximum volume of gas taken by the Customer in any one day through the use of volume and pressure recording and measuring equipment installed by the Company.
- 2. When gas is delivered to a Customer through a positive displacement meter without the use of daily recording and measuring equipment, the maximum volume of gas taken in any one day during the billing month shall be 6% of the total volume of gas used by the Customer during such billing month.

The Company retains the option of installing recording and measuring equipment to determine the maximum volume of gas taken in any one day on the meter of any Customer purchasing gas service under this Rate Schedule.

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.



**RATE SCHEDULE I-1 (Continued)**

**SPECIAL TERMS AND CONDITIONS**

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per DTH or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE L-1**

**Commercial and Industrial Interruptible Sales Service**

**AVAILABILITY**

Gas sales service available on an interruptible basis to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 DTH. A customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 DTH.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements, and further provided the Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers. Further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year.. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

**RATE SCHEDULE L-1 (Continued)**

6. Customer agrees to install and maintain in usable condition standby fuel burning facilities to enable Customer, in the event of a curtailment of gas, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the delivery of gas hereunder interrupted or curtailed by the Company in accordance with the special terms and conditions as hereinafter set forth.

**MONTHLY BASE RATE**  
**(DTH)**

**Net Rate**

**Customer Base Use Charge**

\$300.00

**Commodity Charge**

First 1,500 Dth Per Month

\$1.0263 Per Dth

Next 2,500 Dth Per Month

\$0.8773 Per Dth

Next 11,000 Dth Per Month

\$0.4979 Per Dth

Over 15,000 Dth Per Month

\$0.3060 Per Dth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**AUTHORIZED INCREMENTAL RATE**

When the Company determines that volumes of gas are available to be purchased and transported to Customers under this Rate Schedule, then the Company shall, at its option, be authorized to charge the incremental rate in lieu of the published PGA rate for L-1 Customers for such volumes distributed to those Customers who have been offered and who have agreed to pay such incremental rate in lieu of having their gas service curtailed. On days when gas is not being withdrawn from the Company's Liquid Natural Gas (LNG) facility for system supply, the incremental rate shall be the applicable index rate plus the variable pipeline charges. On those days when gas is being withdrawn from the LNG facility, the incremental rate will be increased to reflect the cost of gas used in the liquefaction and vaporization process.

**MINIMUM BILL**

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

**RATE SCHEDULE L-1 (Continued)**

**INTERRUPTIBLE AND FIRM SERVICE**

Should any Customer qualified to purchase interruptible gas under all the availability provisions quoted above desire to purchase firm gas under Rate Schedule "C-1" or "I-1" plus interruptible gas under this Rate Schedule "L-1", said Customer may do so through a single meter installation under the following conditions:

1. The Company and the Customer must agree as to the maximum volume of firm gas to be delivered in any one day under Rate Schedule "C-1" or "I-1".
2. The volume of gas to be billed at the interruptible rate will be the total of the deliveries on each day of the billing month in excess of the agreed volumes for Rate Schedule "C-1" or "I-1".
3. The Customer's requirement for interruptible gas must not be consistently less than a minimum daily volume of 100 DTH on an annual or summer seasonal basis (May-October) above and beyond the purchase of firm gas.

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation (includes applicable income taxes) of the Data Collection equipment. All Customers shall also be required to pay the installation and monthly cost of any power, telephone lines or wireless facilities necessary for the operation of such equipment.

**SPECIAL TERMS AND CONDITIONS**

The Company will allocate gas available for delivery under this Tariff as equitably as possible among affected Customers giving effect to those similarly situated and in so doing may always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail interruptible gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a price that is below current costs.

Customer shall immediately discontinue the use of interruptible gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

**RATE SCHEDULE L-1 (Continued)**

**SPECIAL TERMS AND CONDITIONS (Continued)**

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment to considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE T-1**

**Interruptible Transportation Service**

**TRANSPORTATION SERVICE AGREEMENT**

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

**AVAILABILITY**

Available on an interruptible basis under a Transportation Service Agreement to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 DTH. A Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 DTH.
2. The Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. . A new customer beginning service after May 31 shall contract for a term extending through the following May 31 Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule L-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

**RATE SCHEDULE T-1 (Continued)**

6. Customer agrees to install and maintain standby fuel burning facilities to enable Customer, in the event of curtailment of service, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the service hereunder interrupted or curtailed by the Company in accordance with the terms and conditions set forth in the Special Contract.

**MONTHLY BASE RATE**  
**(DTH)**

**\*Net Rate**

**Customer Base Use Charge**

**\$300.00**

**Commodity Charge**

First 1,500 Dth Per Month

**\$1.0263 Per Dth**

Next 2,500 Dth Per Month

**\$0.8773 Per Dth**

Next 11,000 Dth Per Month

**\$0.4979 Per Dth**

Over 15,000 Dth Per Month

**\$0.3060 Per Dth**

Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

\*Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

**MINIMUM BILL**

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

**RATE SCHEDULE T-1 (Continued)**

**BALANCING**

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

**CASH OUT OF MONTHLY IMBALANCES**

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline time the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline time the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

Percentage of the Imbalance	Short	Long
	Premium	Discount
Equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	115%	85%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal tot or less than 19%	140%	60%
Over 20% & equal tot or less than 10%	150%	50%

The Daily Index Cost of Gas shall be derived from the prices published in *Gas Daily* in the Daily Price Survey .

Southern Natural , La	X	15%
	+	
Tennessee, La ,0 Leg	X	27%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges.



**RATE SCHEDULE T-1(Continued)**

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism.

**LIMITING AND CURTAILING GAS SERVICE**

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**SPECIAL TERMS AND CONDITIONS**

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transported gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible transportation service deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers

**GENERAL TERMS AND CONDITIONS**

Transportation Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE T-2**  
**Interruptible Transportation Service With**

**Firm Gas Supply Backup**

**TRANSPORTATION SERVICE AGREEMENT**

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

**AVAILABILITY**

Available on an Interruptible basis to eligible large volume Customers. Transportation Service shall be by Transportation Service Agreement in conjunction solely with service under Rate Schedule I-1.

1. Service will be limited to Customers consistently using on an annual basis, a minimal daily volume of 100 Dth.
2. The Customer's use under this rate shall not work a hardship on any other rate payers of Chattanooga Gas Company ( Company), nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers.
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule I-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

**MONTHLY BASE RATE**  
**(DTH)**

**\*Net Rate**

**Customer Base Use Charge**

\$300.00

**Demand Charge**

Per Unit of Billing Demand

\$3.00 Per Dth

**Commodity Charge**

First 1,500 Dth Per Month  
Next 2,500 Dth Per Month  
Next 11,000 Dth Per Month  
Over 15,000 Dth Per Month

\$1.0263 Per Dth  
\$0.8773 Per Dth  
\$0.4979 Per Dth  
\$0.3060 Per Dth

**RATE SCHEDULE T-2 (Continued)**

Firm Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

\* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

**MINIMUM BILL**

The Minimum Monthly Bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate as stated above plus the amount of the individual customers' Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing

**BILLING ADJUSTMENTS**

Bills for Transportation Service hereunder shall be subject to adjustment for changes in the cost of Firm purchased gas demand charges in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**SPECIAL TERMS AND CONDITIONS**

In the event of curtailment of interruptible transportation service by the Company, the pipeline transporter, or Seller, the Company agrees to supply the contracted quantity of natural gas to the customer stated in Dth/day pursuant to the terms and conditions of Rate Schedule I-1 and the related gas sales agreement thereto or any amendments thereto. It is the intent that the customer at all times receives the contracted stated quantity of firm gas supply from interruptible transportation service or from firm natural gas sales purchased from the Company. Service hereunder, however, shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

**BALANCING**

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

**RATE SCHEDULE T-2 (Continued)**

**CASH OUT OF MONTHLY IMBALANCE**

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and will buy an amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline time the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline time the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

Percentage of the Imbalance	Short Premium	Long Discount
Equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	115%	85%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal tot or less than 19%	140%	60%
Over 20% & equal tot or less than 10%	150%	50%

The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from the Daily Price Survey.

Southern Natural , La	X	15%
	+	
Tennessee, La ,0 Leg	X	27%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will no apply to the cash-out mechanism.

**RATE SCHEDULE T-2 (Continued )**

**LIMITING AND CURTAILING GAS SERVICE**

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**SPECIAL TERMS AND CONDITIONS**

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transportation gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers.

**RATE SCHEDULE T-2 (Continued)**

**GENERAL TERMS AND CONDITIONS**

Transportation service hereunder shall be subject to the company's rules and regulations as filed with the Tennessee regulatory authority. The effectiveness of this tariff sheet will terminate should it be determined by the Tennessee regulatory authority that the limiting provisions contained in paragraph 2 of the availability section of this rate schedule are required to be implemented.

**RATE SCHEDULE SF-1**

**Experimental Semi-Firm Sales Service (SFSS)**

**AVAILABILITY**

This Rate Schedule is a bundled sales service available to those Customers served under Chattanooga Gas Company's Interruptible Rate Schedule L-1, Interruptible Transportation Rate Schedule T-1, and/or Interruptible Transportation with Firm Supply Backup T-2, to assist such Customers with mitigating the volatility of gas costs by providing the option of using storage volumes when such volumes can be made available by the Company with no detriment to the Company's firm ratepayers.

Service under this Rate Schedule will be awarded to winning bidders for November 1 of the current year through March 31 of the following year (Heating Season). Service provided under this Rate Schedule may be interrupted on any given day contingent on the Company's ability to provide service to the Company's firm rate payers.

**TITLE to GAS**

All Gas dedicated to SFSS annually shall remain the property of the Company. Title to said dedicated Gas shall pass from the Company to the Customer when Gas is delivered to the Customer pursuant to the terms of this Rate Schedule.

**AVAILABLE VOLUMES**

On August 1 of each year the Company will post the total Deliverability and Reserved Volumes that will be made available to eligible Customers under this Rate Schedule for the upcoming Heating Season. In addition the Company will post acceptable minimum seasonal Deliverability and Reservation Rates that would be acceptable to the Company as well as the commodity rate that will be applied to the total aggregate Reserved Volumes upon delivery. Customers eligible to receive service under SFSS may submit bids to the Company on or before August 20. Bids must include the following: Customer's desired Maximum Daily Deliverability; the dollar value the Customer places on the requested Maximum Daily Deliverability Volume in the form of a monthly unit Maximum Daily Deliverability Rate; Customer's desired total Reserved Volume; and the dollar value the Customer places on the requested Reserved Volume during the Heating Season in the form of a monthly unit Reservation Rate. On or before August 25 the Company will evaluate all bids and award the reserved Daily Deliverability and Reserved Volumes to the bid(s) generating the highest Net Present Value (NPV). However, in no event may a Customer's total Reserved Volume exceed the Customer's average daily usage during the previous twelve months times 30 days nor the Customers Daily Deliverability exceed the Customer's highest demand day during the previous Heating Season. If an L-1 customer nominates SFSS service for a given day and fails to burn such amount, then such volumes will be carried over to the subsequent day.

If two or more bids generate the same NPV and the requested volumes exceed the total Daily Deliverability or total Reserved Volume available for use under this Rate Schedule, the Daily Deliverability will be allocated to the winning bidders on a pro rata basis. On or before August 31 the winning bidders shall enter into a contract to purchase from the Company the requested and/or allocated Reserved Volume.

**DELIVERABILITY**

Service provided under this Rate Schedule on a daily basis is limited to the total remaining capacity of the Company after firm requirements are satisfied. In the event of a curtailment SFSS supply must be nominated and will be delivered as long as the Company's firm requirements are satisfied. If on any day, the Company is unable to meet the total SFSS nominations because the demand for Gas to be delivered under this Rate Schedule exceeds the Company's ability to deliver Gas using the Company's existing capacity, nominations will be confirmed based on the highest unit rate bid for the monthly Deliverability Rate. In the event multiple bids are the same the volumes will be reduced prorated. In no event will a Customer's cumulative receipt of Gas under this Rate Schedule exceed the Customer's total Reserved Volume for the Heating Season.

**RATE SCHEDULE SF-1( Continued)**

**RATES**

These rates are in addition to the rates applicable to the Customer under Rate Schedules L-1, T-1 and or T-2. The following charges shall be billed monthly during the Heating Season:

- (a) Maximum Deliverability Rate - A charge per Dth applied to the Maximum Daily Deliverability that the Customer bid and the Company accepted..
- (b) Reservation Rate - A charge per Dth applied to the Reserved Volume that the Customer bid and the Company accepted.
- (c) Supplier Demand Rate - A charge per Dth applied to the Maximum Daily Deliverability awarded to the Customer. The purpose of this charge is to recover the total fixed costs from the interstate pipeline associated with the storage service(s) underlying this service. All revenue collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Demand cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (d) Supplier Volumetric Rate – A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover the total variable interstate pipeline costs associated with providing this service, including but not limited to the FT volumetric charge, storage injection and withdrawal charges and any and all associated fuel and surcharges. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (e) Commodity Rate – A rate per Dth for Gas delivered under this Rate Schedule during the preceding month. The rate to be applied to the Reservation Volumes will be posted on August 1 of any given year. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (f) Carrying Cost - The monthly cost for retaining the Reserved Volumes contracted by Customer. The amount charged shall be billed monthly for the preceding months remaining reserved volumes multiplied by the Company's pretax authorized rate of return.

Payment for the Maximum Daily Deliverability Charge and the Reservation Charge, shall be in five equal monthly payments due on the first of the month beginning November 1. All other charges shall be due upon presentation. Payments received after the due date shall be for an amount which shall be greater by five percent (5%) than the net billing.



**RATE SCHEDULE SF-1 (Continued)**

**NOTIFICATION BY CUSTOMERS**

Qualifying Customers that have been approved for SFSS volumes will notify the Company by fax or e-mail by 12:00 Noon prior to the effective Gas Day that they desire to use volumes available under this Rate Schedule. Customers will be notified via e-mail or fax when demand for gas volumes under this Rate Schedule are terminated or allocated due to deliverability limitations pursuant to the availability provisions of this Rate Schedule. Provision of Gas under this Rate Schedule will automatically end when the Customer has utilized the Customer's Reserved Volume for the applicable Heating Season.

**VOLUME REMAINING AT MARCH 31**

If a Customer does not utilize the Customer's total Reserved Volume awarded by the Company, the remaining volume as of April 1 will be transferred to the Company's system inventory (excluding Company LNG). If there is a positive difference between the per Dth rate charged Customer during the Heating Season and the Company's per Dth cost of inventory (excluding Company LNG) as of April 1, the Customer will be billed for such difference in its next monthly bill.

**RATE SCHEDULE V-1**

**Natural Gas Vehicle Service**

**AVAILABILITY**

Available for all gas service furnished to any gas customer who uses Natural Gas as an energy source for the propulsion of motor vehicles when the natural gas is delivered by Chattanooga Gas Company (Company) into separately metered facilities which compress the natural gas for such use, who contract in writing for service under this Rate Schedule, and who provide the necessary facilities for the compression of such natural gas for delivery to vehicles.

**MONTHLY BASE RATE**

**Net Rate**

Customer Base Use Charge

\$17.50

Commodity Charge

15.00¢ Per Therm

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes, including any amounts due in the form of motor fuel tax imposed by any governmental agency, as amended from time to time, shall be added to the above rates.

**MINIMUM BILL**

The minimum monthly bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustments for changes in the cost of purchased gas in accordance with Purchased Gas Adjustments (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority as well as the contractual provisions contained in the contract for service hereunder.

**RATE SCHEDULE SS-1**

**Special Service**

**AVAILABILITY**

This Rate Schedule is available to any commercial, industrial or transportation service customer on those occasions when Chattanooga Gas Company (Company) has gas or transportation service that it cannot sell pursuant to its Interruptible Rate Schedule L-1 or Interruptible Transportation Rate Schedule T-1. On such occasions, the gas or transportation sales would be lost to the Company and to its customers. This Rate Schedule is designed to permit the Company to sell such gas, or transportation service at negotiated rates and for the purpose of enabling the Company to compete with alternate fuels available for use by its customers.

Service under this Rate Schedule is available to customers on a temporary basis within the franchised territory of the Company and who are connected to the Company's distribution system and to transportation service customers who can be served by pipeline supplier transportation arrangements. Service may be provided under this Rate Schedule only in the event that the Company has volumes of gas or transportation service that cannot be sold under other applicable Rate Schedules of the Company because of alternate fuel competition.

**MONTHLY RATE**

The Customer shall pay the Company for all gas or transportation service provided under this Rate Schedule at a predetermined net rate negotiated prior to providing service.

**MINIMUM BILL**

The minimum bill shall be the applicable Customer Base Use Charge due under Rate Schedule L-1 or T-1 and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**ALTERNATE FUEL PRICE**

In order to qualify for negotiated rates available under this Rate Schedule, the customer shall furnish the Company with an affidavit setting forth the equivalent alternate fuel price, the quality of the alternate fuel, the quantity of the alternate fuel available at the current alternate fuel price and the period of time for which the current alternate fuel price will be effective.

**SPECIAL TERMS AND CONDITIONS**

When gas or transportation service is available for delivery under this Rate Schedule, the Company will always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This Rate Schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail gas or transportation service to the Customers under this Rate Schedule prior to curtailment of service under any other Rate Schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

**RATE SCHEDULE SS-1 (Continued)**

SPECIAL TERMS AND CONDITIONS (Continued)

Customer shall immediately discontinue the use of gas or transportation service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per DTH or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of gas deliveries in whole or in part under this Rate Schedule shall not be the basis for claims against the Company for any damages sustained by the Customers.

GENERAL TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE BBS – 1**

Budget Billing Service

AVAILABILITY

Available to any Residential or Firm Commercial Customer. The Customer's gas account must be current when joining the Budget Billing plan.

GENERAL TERMS AND CONDITIONS

Customer Notification and Application Forms will be mailed in July of each year.

The used-to-date amount consists of the total to date of the customer's gas bills that the customer would have incurred from the beginning of the budget plan had the customer not been on the Budget Billing plan.

The paid-to-date amount consists of all payments to date by the customer toward the Budget Billing plan from the beginning of the budget plan.

The budget year begins with the September billing and continues throughout the following August. The monthly budget payment amount is determined from the premise's Annual Base. The Annual Base is an actual or calculated dollar amount of the yearly gas usage for the premise. For new customers who begin the plan in September, the Annual Base is divided by 11.5 to determine the monthly budget installment amount.

Customers may join the plan at any time during the budget year. Budget installments will be determined from the number of months remaining until the end of the budget year.

The minimum monthly budget installment amount is \$5.00. The plan is renewed automatically each year. The Customer may cancel the Budget Billing Agreement at any time upon making a request to return to Regular Billing status.

If the account is past-due and the used-to-date amount exceeds the paid-to-date amount, the account may be removed from the budget plan at the company's option.

BILLING ADJUSTMENTS

Budget Billing accounts are reviewed four times a year. These reviews occur in November, February, May, and August. The monthly installment amount may change with each review. An account will not be reviewed in November or May if the budget plan has been in effect less than two months.

In November, the monthly installment amount will be recalculated if the used-to-date and the billed-to-date amounts differ by more than one monthly budget bill installment. The recalculated amount will be determined as follows. The amounts from the previous year's December through August bills are added to the November difference between the used-to-date and billed-to-date amounts. The total amount is divided by 8.5. If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in December.

**RATE SCHEDULE BBS-1 (Continued)**

In February, all Budget Billing accounts will be recalculated. The recalculated amount will be determined as follows. The amounts from the previous year's March through August bills are added to the February difference between the used-to-date and billed-to-date amounts. The total amount is divided by 5.5. When the current budget amount is \$50.00 or greater and the difference between the current and the recalculated amount is greater than \$5.00, then the recalculated amount becomes effective in March. When the current budget amount is less than \$50.00 and the difference in the current and recalculated amounts is greater than 10% of the current amount, then the recalculated amount becomes effective in March.

In May, the monthly installment amount will be adjusted if the used-to-date and the billed-to-date amounts differ by more than two monthly budget bill installments. The recalculated amount will be determined as follows. The amounts from the previous year's June through August bills are added to the May difference between the used-to-date and billed-to-date amounts. The total amount is divided by three (3). If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in June.

When customers sign up for the Budget Payment Plan, they may choose to have their excess credits (difference), if any, rolled into the budget amount for next year or they may choose to settle the account at the end of the budget year.

Each customer who elects the refund option will receive a refund if the difference between the used-to-date and billed-to-date amounts at the end of the budget year is a credit of \$25.00 or greater. A credit balance of less than \$25.00 will be refunded at the request of the customer. If the difference is a debit, the difference will be billed to the Customer in August.

If the Customer elects the rollover option, a difference of \$12.00 or greater (debit or credit) will be rolled into the new budget year calculations. A difference of less than \$12.00 (debit or credit) will be billed as an adjustment to the regular August installment.

**CHATTANOOGA ASSISTED RATE FOR ENERGY SERVICE (CARES) TRACKER**

The Chattanooga Assisted Rate for Energy Service (CARES) program is designed to increase the availability of natural gas service to elderly low income Customers by providing a monthly credit to qualifying Residential Customers who are of age 65 years or over.

**APPLICABILITY**

The rates for gas service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the CARES Tracker .

**ELIGIBILITY**

To be eligible for a CARES credit, a Customer must be 65 years of age or older and a current recipient of any one of the following low income assistance programs.

- a. Temporary Assistance to Needy Families (TANF), previously known as AFDC
- b. Supplemental Security Income (SSI)
- c. Food Stamps
- d. Medicaid, as provided under TennCare

Additionally, a Customer 65 years of age or older with total gross annual income that does not exceed 125% of the federal poverty income guidelines may apply directly to the Tennessee Regulatory Authority (TRA) for eligibility certification.

All applications for service are subject to verification with the TRA or the state agency responsible for administration of the qualifying program.

**CERTIFICATION**

1. Proof of eligibility in any of the qualifying low income assistance programs should be provided to the Company at the time of application for service. The CARES credit will not be established until proof of eligibility has been received by the Company. If the Customer requests service prior to the Company's receipt of proof of eligibility, the requested service will be provided without the CARES credit. When eligibility documentation is provided subsequent to initiation of service, the CARES credit will be provided on a going forward basis beginning the first month after receipt of documentation.

2. The Company reserves the right to periodically audit its records, working in conjunction with the appropriate state agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the CARES plan.

3. When a Customer is determined to be ineligible as a result of an audit, the Company will contact the Customer. If the Customer cannot provide eligibility documentation, the CARES credit will be discontinued

**CHATTANOOGA ASSISTED RATE FOR ENERGY SERVICE (CARES) TRACKER (Continued)**

**CARES CREDIT**

Upon approval of the application of a Customer, the Company shall provide a CARES Credit in the amount of \$7.50 per month.

**CARES FACTOR**

The CARES Factor shall be computed annually by dividing the total CARES credits provided to eligible Customers for the twelve months ended June 30 ± any imbalance from the previous program year by the total commodity distributed to all class of Customers during the twelve months ended June 30. The total credit will equal the sum of the credits issued each month from July 1 of the previous year through June 30 of the current year. The previous year's imbalance, positive or negative, will equal the total amount to be recovered included in the previous years filing less the amount recovered through the application of the CARES Factor during the twelve months ended June 30.

$$\begin{aligned}\text{CARES Factor} &= \frac{\text{TCP} \pm \text{PYI}}{\text{TCD}} \\ \text{PYI} &= \text{PYA} - \text{TAR}\end{aligned}$$

PYI-Previous Year Imbalance is the amount remaining at June 30 of the current year from the previous year's filing or the amount recovered during the twelve months ended in excess of the previous year's filing.

PYA- Previous Year Amount is the amount used to compute the CARES Factor in the previous year's filing.

TAR-The Total Amount Recovered through the application of the CARES Factor during the twelveMonths ended June 30 of the current year.

TCP is the Total Credits Provided to Customers during the twelveMonths Ended June 30, of the current year

TCD-The Total Commodity Distributed during the 12 Months ended June 30 of the Current year.

CARES Factor- The factor to be applied to each Rate

**FILING WITH THE AUTHORITY**

Annually the Company will file with the Authority the CARES Factor to be applied to volumes distributed during the following twelve months. The filing shall identify for each month during the twelve months ended June 30, the number of Customers that received the credit, the amount of credits provided, the total commodity volume sold, and the total amount recovered.



**BARE STEEL AND CAST IRON PIPELINE REPLACEMENT TRACKER**

**APPLICABILITY**

This Tracker shall apply to and become a part of each of the Company's Rate Schedules for all Distribution Services. The monthly rate per therm shall be increased by the annual "Pipeline Replacement Program Cost Recovery Factor" or "PRP Factor" as hereinafter provided.

**PURPOSE**

The purpose of this Tracker is for the Company to recover certain costs associated with the replacement of bare steel and cast iron pipe on the Company's system.

**DEFINITIONS**

For purposes hereof:

**Pipeline Replacement Costs to be Recovered** – Shall be the cost resulting from the determined for the Cost Year and shall include the depreciation of facilities installed under the PRP, the return on the investment in facilities installed under the PRP, carrying charges on un-recovered cost, and the related taxes. The return and carrying charges component will be computed using the rate of return most recently approved by the Authority.

**Cost Year** – The year on which a PRP Factor is calculated.

**Collection Year** – The twelve month period during which a PRP Factor is applicable. The Collection year begins April 1 following the Cost Year.

**COMPUTATION AND APPLICATION OF THE PRP FACTOR**

The PRP Factor shall be computed to the nearest one-hundredth  $1/100^{\text{th}}$  cent per therm in the following manner:

The annual PRP Factor shall be the quotient obtained by dividing the Cumulative Pipeline Replacement Costs less Cumulative Collections as of the end of the Cost Year by the number of therms distributed by the Company during the Cost Year.

**ANNUAL REPORT**

Annually by March 1 the Company will file a report with the Authority for the Cost Year ended the previous December 31, that identifies the ORO expenditures during the Cost Year, the cumulative cost of PRP as of the end of the Cost Year, the cumulative PRP collections as of the end of the Cost Year, the computation of the Pipeline Replacement Costs to be recovered, and computation of the PRP Factor to be effective April 1.



### **INTERRUPTIBLE MARGIN CREDIT RIDER**

#### **APPLICABILITY**

This Rider shall apply to and become part of each of Chattanooga Gas Company's (Company's) Rate Schedules under which gas is sold on a firm basis (hereinafter referred to as "Firm Schedule").

#### **INTENT AND APPLICATION**

This Interruptible Margin Credit Rider is intended to authorize the Company to recover ninety percent (90%) of the gross profit margin losses that result from rates negotiated under the provisions of Special Service Rate Schedule SS-1 or from Customers who switch to alternate fuels where the Company is unable to meet alternate fuel competition.

This Interruptible Margin Credit Rider is also intended to authorize the Company to recover not more than fifty percent (50%) of the gross profit margin that results from transactions with non-jurisdictional Customers that rely on the Company's gas supply assets (all such transactions including off-system sales) should such transactions be made by the Company.

#### **DETERMINATION OF GROSS PROFIT MARGIN LOSSES**

The gross profit margin loss shall be calculated as ninety percent (90%) of the difference between the Test-Year Targeted Rate Margin as determined in the Company's most recent rate case order of the Authority and the Actual Negotiated Rate Margin.

Any amount of gross profit margin losses shall be recovered from the firm commodity component of gas costs as determined under the presently effective Purchased Gas Adjustment Provision.

#### **FILING WITH THE AUTHORITY**

Each negotiated rate gross profit margin loss accounting/recovery period shall correspond with the Company's Fiscal Year which ends December 31, each year.

The Company shall charge all authorized negotiated rate gross profit margin losses to the "Deferred Gas Cost" account in accordance with Section III.C. of the Authority's PGA Docket No. G86-1 and shall file the supplemental sheets required by this Rule showing the calculation of the margin losses.

**WEATHER NORMALIZATION ADJUSTMENT**

**(WNA) RIDER**

**PROVISION FOR ADJUSTMENT**

The base rate per CCF/therm (100,000 Btu) for gas service set forth in any rate schedules utilized by the Authority in determining normalized test period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment."

**DEFINITIONS**

For Purpose of this Rider:

"Authority" means the Tennessee Regulatory Authority.

"Relevant Rate Order" means the final order of the Authority in the most recent litigated rate case of Chattanooga Gas Company (Company) fixing the rates of the Company or the most recent final order of the Authority Specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

**COMPUTATION OF WEATHER NORMALIZATION ADJUSTMENT**

The Weather Normalization Adjustment shall be computed to the nearest one-hundredth cent per CCF/therm by the following formula:

$$WNA_i = R_i \frac{(HSF_i(NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$$

**Where**

- |                  |   |   |
|------------------|---|---|
| i                | = | any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification  |
| WNA <sub>i</sub> | = | Weather Normalization Adjustment Factor for the i <sup>th</sup> Rate Schedule or classification expressed in cents per CCF/therm  |
| R <sub>i</sub>   | = | weighted average base rate (base rate less any embedded gas cost) of temperature sensitive sales for the i <sup>th</sup> schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| HSF <sub>i</sub> | = | heat sensitive factor for the i <sup>th</sup> schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues  |
| NDD              | = | normal billing cycle heating degree days utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues  |
| ADD              | = | actual billing cycle heating degree days  |
| BL <sub>i</sub>  | = | base load sales for the i <sup>th</sup> schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues  |

**FILING WITH AUTHORITY**

The Company will file as directed by the Authority (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

**WEATHER NORMALIZATION ADJUSTMENT**

**(WNA) RIDER COMPONENTS**

<u>RATE SCHEDULE</u>	WEIGHTED BASE RATE <u>(\$THERM)</u>	HEAT SENSITIVE FACTOR - HSF <u>(THERM)</u>	BASE LOAD - BL <u>(THERM)</u>
<u>(R-1) RESIDENTIAL GENERAL SERVICE</u> Winter (November – April)	.193046	.191495	12.901
<u>(R-4) MULTI-FAMILY HOUSING SERVICE</u> Winter (November - April)	.218300	.098985	18.695
<u>(C-1) COMMERCIAL AND INDUSTRIAL GENERAL SERVICE</u> Winter (November - April)	.259631	.811269	171.926

**PURCHASED GAS ADJUSTMENT PROVISION PURSUANT TO RULE 1220-4-7 OF**

**THE TENNESSEE REGULATORY AUTHORITY RULES AND REGULATIONS**

I. GENERAL PROVISIONS

- A. This Purchased Gas Adjustment (PGA) Rider is 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.
- B. This Rider is intended to apply to all Gas Costs incurred in connection with the purchase, transportation and/or storage of gas purchased for general system supply, including, but not limited to, natural gas purchased from interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of liquefied natural gas (LNG), liquefied petroleum gas (LPG), substitute, supplemental or synthetic natural gas (SNG), and other hydrocarbons used as feed-stock, other distribution companies and end-users, whether or not the Gas Costs are regulated by the Federal Energy Regulatory Authority and whether or not the provider of the gas, transportation or storage is affiliated with the Company.
- C. To the extent practicable, any revision in the PGA shall be filed with the Authority no less than thirty (30) days in advance of the proposed effective date and shall be accompanied by the computations and information required by this Rider. It is recognized, however, that in many instances the Company receives less than 30 days notice from its Suppliers and that other conditions may exist which may prevent the Company from providing 30 days advance notice. Therefore, should circumstances occur where information necessary for the determination of an adjustment under this Rider is not available to the Company so that the thirty (30) days requirement may be met, the Company may, upon good cause shown, be permitted to place such rates into effect with shorter advance notice.
- D. The rates for gas service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the PGA, or any specified portion of the PGA as determined by individual Rate Schedule(s).
- D. No provision of this Rider shall supersede any provision of a Special Contract approved by the Authority.

II. DEFINITIONS

- A. “**Gas Costs**” shall mean the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply.
- B. “**Fixed Gas Costs**” shall mean all Gas Costs based on the Company's right to demand gas or transportation on a daily or seasonal peak; but unless otherwise ordered by the Authority, shall not include other charges paid for gas reserve dedication (e.g., reservation fees and gas inventory charges), minimum bill charges, minimum take charges, over-run charges, emergency gas charges, take-or-pay charges or take-and-pay charges (all of which shall be considered commodity costs).

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

- C. **“ Gas Charge Adjustment”** shall mean the per unit amount billed by the Company to its Customers solely for Gas Costs. The Gas Charge Adjustment shall be separately stated for firm Customers and for non-firm Customers.
- D. **“ Suppliers”** shall mean any person or entity, including affiliates of the Company, who locates, purchases, sells, stores and/or transports natural gas or its equivalent for or on behalf of the Company. Suppliers may include, but not be limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of LNG, LPG, SNG, and other hydrocarbons used as feed-stock, other distribution companies and end-users.
- E. **“ Computation Period”** shall mean the twelve (12) month period utilized to compute Gas Costs. Such period shall be the twelve (12) month period ending on the last day of a month which is no more than 62 days prior to the filing date of a PGA.
- F. **“ Demand Billing Determinants”** shall mean the annualized volumes for which the Company has contracted with Suppliers as of the first day of the Filing Month.
- G. **“ Commodity Billing Determinants”** shall mean the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. Should the Company expect to purchase commodity gas from several Suppliers, the Company shall allocate to each supplier a percentage of the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. The percentage used to allocate among Suppliers shall be based on historical takes during the Computation Period, if appropriate; otherwise it shall be based upon the best estimate of the Company.
- H. **“ Filing Month”** shall mean the month in which a proposed revision is to become effective.

**III. COMPUTATION AND APPLICATION OF THE PGA**

The PGA shall consist of three major components: (1) the Gas Charge Adjustment; (2) the Refund Adjustment; and (3) the Actual Cost Adjustment (ACA).

**A. Computation of Gas Charge Adjustment.**

The Company shall compute the jurisdictional Gas Charge Adjustment at such time that the Company determines that there is a significant change in its Gas Costs.

1. **Formulas.** The following formulas shall be used to compute the Gas Charge

$$FirmGCA = \left[ \left( \frac{D \pm DACA}{SF} \right) - DB \right] + \left[ \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB \right]$$

$$Non - FirmGCA = \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB$$

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**2. Definitions of Formula Components.**

GCA	=	The Gas Charge Adjustment in dollars per CCF/Therm, rounded to no more than five decimal places.
D	=	The sum of all fixed Gas Costs.
DACA	=	The demand portion of the ACA.
P	=	The sum of all commodity/gas charges.
T	=	The sum of all transportation charges.
SR	=	The sum of all FERC approved surcharges.
CACA	=	The commodity portion of the ACA.
DB	=	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves).
CB	=	The per unit rate of variable Gas Costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves).
SF	=	Firm sales.
ST	=	Total sales.

**3. Determination of Factors for Gas Charge Adjustment.**

**a. Demand Charges (Factor D)**

All fixed Gas Costs that do not vary with the amount of gas purchased or transported, including, but not limited to, the product resulting from the multiplication of (1) the respective Demand Billing Determinants by (2) the demand rates effective the first day of the Filing Month and (3) any fixed storage charges.

**b. Demand Actual Cost Adjustment (Factor DACA)**

See Subsection C of Section III.



**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

- c. **Purchased Commodity Charges (Factor P)**  
All commodity or other variable gas costs associated with the amount of gas purchased or transported including, but not limited to, the product resulting from the multiplication of (1) the respective Commodity Billing Determinants by (2) the respective supplier's commodity/gas rate which are known, or if not known which are reasonably anticipated, to be in effect on the first day of the Filing Month.
- d. **Transportation Charge (Factor T)**  
The transportation charges actually invoiced to the Company during the Computation Period or expected to be invoiced to the Company during the current period.
- e. **FERC Approved Surcharges (Factor SR)**  
The sum of all FERC approved surcharges, including gas inventory charges or its equivalent, actually invoiced or expected to be invoiced to the Company during the Computation Period or to be effective the first day of the Filing Month by respective Suppliers.
- f. **Annual Cost Adjustment (Factor ACA)**  
See Subsection C of Section III.
- g. **Firm Sales (Factor SF)**  
Total volumes billed to the Company's firm Customers during the Computation Period, regardless of source, adjusted for known and measurable changes.
- h. **Total Sales (Factor ST)**  
Total volumes billed to all the Company's Customers during the Computation Period, regardless of source, adjusted for known measurable changes.

**4. Modification of Formulas.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**5. Filing with the Authority.**

The computation of the Gas Charge Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I of this Rider, and shall remain in effect until a revised Gas Charge Adjustment is computed and filed pursuant to this Rider.

The Company shall file with the Authority a transmittal letter, an exhibit showing the computation of the Gas Charge Adjustment, a PGA tariff sheet, and any applicable revised tariff sheets issued by Suppliers.

The transmittal letter shall state the PGA tariff sheet number, the service area(s), the primary reasons for revision, and the effective date.

If the Company proposes to recover any Gas Costs relating to (1) any payments to an affiliate or (2) any payments to a non-affiliate for emergency gas, over-run charges, take-or-pay charges, and take-and-pay charges (except as provided below) or (3) the payment of any demand or fixed charges in connection with an increase in contract demand, the Company must file with the Authority a statement setting forth the reasons why such charges were incurred and sufficient information to permit the Authority to determine if such payments were prudently made under the conditions which existed at the time the purchase decisions were made.

Any filing of a rate change under this Rider shall be effective on the proposed effective date unless the Authority shall act to suspend the proposed change within thirty days after the filing, in which case the filing shall be subject to notice and hearing.

The recovery of pipeline take-or-pay charges which were the subject of Docket No. U-87-7590 shall continue to be handled under procedures approved by this Authority in that docket until such time as such procedures may be modified or amended by further order of the Authority.

**B. Refund Adjustment.**

The Refund Adjustment shall be separately stated for firm and non-firm Customers, and may be either positive or negative.

**1. Computation of Refund Adjustment**

The Company shall compute a Refund Adjustment on the last day of each calendar quarter using the following formulas :

$$FirmRA = \left( \frac{DR1 - DR2}{SFR} \right) + \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

$$Non - FirmRA = \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**2. Definitions of Formula Components.**

RA	= The Refund Adjustment in dollars per CCF/therm, rounded to no more than five decimal places
DRI	= Demand refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
DR2	= A demand surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CRI	= Commodity refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
CR2	= A commodity surcharge from a supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR3	= The residual balance of an expired Refund Adjustment.
i	= Interest on the " Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate 2% below the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the " Federal Reserve Bulletin" or in the Federal Reserve's " Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter. The interest rate used shall not be greater than 12% nor less than 8%.
SFR	= Firm sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.
STR	= Total sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.

**3. Modification of Formula.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**4. Filing with the Authority.**

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount.

The Company shall file with the Authority a transmittal letter, exhibits showing the computation of the Refund Adjustment and interest calculations, and a PGA tariff sheet. The transmittal letter shall state the PGA tariff sheet number, the service area(s), the reason for adjustment, and the effective date. Should the Company have a Gas Charge Adjustment filing to become effective the same date as a Refund Adjustment, a separate transmittal letter and PGA tariff sheet shall not be necessary.

**C. Actual Cost Adjustment.**

Commencing with the initial effective date of this Rider, the Company shall calculate the ACA monthly. The Company may, at its option, file monthly to include the ACA in its calculation of the Gas Charge Adjustment but shall be required to do so at least annually. The ACA shall be the difference between (1) revenues billed Customers by means of the Gas Charge Adjustment and (2) the cost of gas invoiced the Company by Suppliers plus margin loss (if allowed by order of the Authority in another docket) as reflected in the Deferred Gas Cost account. The balance of said account shall be adjusted for interest at the rate provided for the calculation of interest with respect to the Refund Adjustment. The ACA shall be segregated into demand and commodity, and shall be added to or deducted from, as appropriate, the respective demand and commodity costs included in the Gas Charge Adjustment. Supplemental sheets showing the calculations of margin losses and cost savings shall also be provided.

**D. Adjustments to Prior Period ACAs.**

In the event that circumstances warrant a correction to or restatement of a prior period ACA, such correction or restatement shall be made in accordance with the ACA calculation in effect for the time period(s) to which the correction or restatement relates. The resulting adjustment shall then be added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Authority.

**E. Annual Filing with the Authority.**

Each year, the Company shall file with the Authority an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the Authority provides written notification to the Company within 180 days, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of this Rider.

**IV. GAS COST ACCOUNTING**

To appropriately match revenues with cost of purchased gas as contemplated under this rule, the Company shall originally record the cost of purchased gas in a "Deferred Gas Cost" account. Monthly the Company shall debit "Natural Gas Purchases" with an amount equal to any gas cost component included in the Company's base tariff rates (base rate) plus the PGA rate, as calculated hereunder, multiplied by the appropriate sales volumes billed to customers. The corresponding monthly credit entry shall be made to the "Deferred Gas Cost" account.

**CURRENT LEVEL OF APPLICABLE TAXES**

**APPLICABILITY**

This Schedule shall be applicable to all Rate Schedules and to each Customer rendered gas service hereunder except for those Customers qualifying for specific exemption. A copy of the appropriate State approved exemption certificate form shall be filed with the Company in order to qualify for exemption.

**BILLING**

The taxes due under this Schedule shall be included in the monthly bill for service rendered and shall be considered as an integral part of the total monthly bill due.

**APPLICABLE TAXES**

**CITY OF CLEVELAND FRANCHISE TAX**

This Tax shall be billed at the rate of 2% on the Cleveland Division Customers subject to the Tax.

**STATE OF TENNESSEE SALES TAX**

This Tax shall be billed as follows:

*Residential* - Tax Exempt Effective July 1, 1985

*Multi-Family Housing Service* - Billed at rate of 7%.

*Commercial and Industrial* - Billed at rate of 7% unless Customer qualifies for special 1 1/2% rate or total exemption.

**SCHEDULE FOR LIMITING AND CURTAILING GAS SERVICE**

**SUPPLY OR CAPACITY RELATED CURTAILMENTS**

In situations when supply and capacity services contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales services from the Company, the Company will first curtail service to interruptible sales and transportation Customers by priority of their margin contribution to the Company. Customers receiving discounted sales or transportation service will also be curtailed according to the discounted rates. In the event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee.

The Company will curtail interruptible gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a prices that is below current costs.

**EMERGENCY SERVICE**

The Company will make every reasonable effort to deliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production. All emergency gas service is of a discretionary nature and implies no present or future obligation of the Company to any Customer to provide such service on either a temporary or continuing basis. Deliveries of gas hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

**ECONOMIC CURTAILMENT**

Service to interruptible sales service Customers may be curtailed in the event that continuing such service could adversely affect the Customers being served under the Firm Sales Service Rate Schedules as the result of the interruptible PGA being below current costs.

**LIMITING FIRM GAS SERVICE**

Large commercial and industrial firm gas service entitlements shall at all times be limited by contract as to annual, monthly, and daily volumes. Contract amounts as to annual, monthly, and daily volumes are subject to change by Company as supply conditions or Customer consumption patterns warrant. Any quantity of gas exceeding specified contract amounts taken by Customer without Company's advance written approval will be subject to unauthorized over-run penalty as prescribed below.

UNAUTHORIZED OVER-RUN PENALTY

If at any time a Customer exceeds specified contract entitlements or if, during any Curtailment Period, any Affected Customer takes, without Company's advance written approval, a volume of natural gas in excess of the Curtailment Period Quantity Entitlement applicable to such Customer, said volume shall constitute unauthorized over-run volume. Such unauthorized over-run volume taken by such Customer, shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Scheduler. The payment of a penalty for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run; nor shall such payment be considered as a substitute for any other remedies available to Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Schedule

**PERFORMANCE-BASED RATEMAKING**

**APPLICABILITY**

This Performance-Based Ratemaking Mechanism (PBRM) is designed to encourage the utility to maximize its gas purchasing activities at minimum cost consistent with efficient operations and service reliability. Each plan year will begin July 1. The annual provision and filings herein will apply to this annual period. The PBRM will continue until it is either (a) terminated at the end of a plan year or by not less than 90 days notice by the Company to the Authority or (b) modified, amended or terminated by the Authority.

**OVERVIEW OF STRUCTURE**

The Performance-Based Ratemaking Mechanism establishes predefined monthly benchmark indexes to which the Company's commodity cost is compared.

**BENCHMARK INDEX**

Each month, Chattanooga Gas Company (Company / Chattanooga) will compare its actual commodity cost of gas to the appropriate benchmark amount. The benchmark gas cost will be computed by multiplying actual purchase quantities for the month, including quantities purchased for injection into storage, by the appropriate benchmark price index.

Spot Market Purchases:

The monthly spot market benchmark is the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines," denoted in the column labeled "Index" and the row for the applicable "Pricing Point."

Swing Purchases

For swing purchases, the benchmark "Index" price for gas delivered on any day upon which *Gas Daily* is published, is equal to the Gas Daily-Midpoint price for the immediately following day under the heading "Daily Price Survey." For gas delivered on Saturday, Sunday, or any other day upon which *Gas Daily* is not published, the price index is equal to the Daily-Midpoint for the nearest subsequent day published by *Gas Daily*.

Long-term purchases

For long term purchases, i.e., a term more than one month, the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines" denoted in the column labeled "Index" and the row for the applicable "Pricing Point" will be adjusted for the Company's rolling three-year average premium paid to ensure long-term supply availability during peak periods.

City Gate Purchases

For city gate purchases where gas is delivered by the supplier to the local distribution company, the indexes will be adjusted for the avoided transportation costs that would have been paid if the upstream capacity were purchased versus the demand charges actually paid to the supplier.



**PERFORMANCE-BASED RATEMAKING (Continued)**

**PRUDENCE DETERMINATION**

If Chattanooga's total commodity gas cost for the plan year does not exceed the total benchmark amount by one percentage point (1%) for a plan year ending after June 30, 2000, Chattanooga's gas cost will be deemed prudent and the audit required by Tennessee Regulatory Authority's Administrative Rule 1220-4-7-. 05 is waived. If during any month of the plan year, the Company's commodity gas cost exceeds the benchmark amount by greater than two percentage points (2%), the Company shall file a report with the Authority fully explaining why the cost exceeded the benchmark.

**FILING WITH THE AUTHORITY**

The Company will file an annual report not later than 60 days following the end of each plan year identifying the actual cost of gas purchased and the applicable index for each month of the plan year.

Unless the Authority provides written notification to the Company within 180 days of such reports, the annual filing shall be deemed in compliance with the provisions of this Service Schedule.

**PERIODIC INDEX REVISIONS**

Because of changes in the natural gas marketplace, the price indices used by Chattanooga, and the composition of Chattanooga's purchased gas portfolio may change. The Company shall, within 30 days of identifying a change to a significant component of the mechanism, provide notice of such change to the Authority. Unless the Authority provides written notice to Chattanooga within 30 days of the Company's notice to the Authority, the price indices shall be deemed approved as proposed by the Company.

**CHATTANOOGA GAS COMPANY**

**2207 OLAN MILLS DRIVE**

**CHATTANOOGA, TENNESSEE 37421**

**TRA NO. 2**

**RULES AND REGULATIONS FOR THE COMPANY'S GAS SERVICE**

**IN  
HAMILTON AND BRADLEY COUNTIES,  
TENNESSEECHATTANOOGA GAS COMPANY**

**SUMMARY OF TPSC NO.2 RULES AND REGULATIONS  
CHANGES**

**EFFECTIVE DATE: MARCH 1, 2004**

APPLICABILITY

These rules and regulations are applicable to Customers served by the Chattanooga Gas Company (Company) within the Certificated areas in Bradley and Hamilton Counties.

DEFINITIONS

As herein used:

"Applicant"	means any person who has made application to Company for gas service.
Authority	means the Tennessee Regulatory Authority
BTU	means British Thermal Unit measured at a pressure of 14.73 PSIA at 60 degrees Fahrenheit on a dry basis.
Business Day	means any day from Monday through Friday inclusive, excluding any holiday observed by the Company.
Citygate	means a point at which the facilities of an interstate pipeline company interconnect with the facilities of the Company.
Commercial Service	applies to Customers engaged in selling, warehousing, or distributing a commodity, in some business activity or in a profession, or in some other form of economic or social activity (office, stores, clubs, hotels, etc.), and to service which does not directly come in one of the other classifications of service
Company	means Chattanooga Gas Company.
Consumer or Customer	means an individual, firm, or organization who purchases service at one or location under one rate classification contract.
Dekatherm (Dt or Dth)	means 10 Therms or one million Btus (1MMBtus).
Distribution Service	means the delivery of Natural Gas by and through the Intrastate facilities of the Company, regardless of the identity of the party who has title to the Natural Gas.
Distribution System	means the gas pipes owned and operated by the Company for the distribution of gas for delivery to Customers up to but not beyond the point of delivery.
Firm Customer	means a Customer who purchases a Gas Service on a Firm basis.
Firm Service	means a type of Gas Service that ordinarily is not subject to interruption or curtailment.

DEFINITIONS (Continued)

Gas or Natural Gas	means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases in a gaseous state, consisting predominantly of methane
Gas Day	means the period of 24 consecutive hours beginning at 10:00 a.m., Standard time.
Gas Service	means any service offered in connection with the delivery or sale of Gas
Imbalance	mean the difference at any time, whether positive or negative, between the volumes of Gas received into a Pool by or on behalf of a Customer and the volumes of Gas delivered by the Company on behalf of such Customer
Industrial Service	applies to Customers engaged in a process which creates or changes raw or unfinished materials into another form or product.(Factories, mills, machine shop, mines, oil wells, refineries, pumping plants, creameries, canning or packing plants, shipyards, etc., i.e., in extractive, fabricating or processing activities.)
Interruptible Customer	means a Customer who purchases a Gas Service on an Interruptible basis.
Interruptible Schedule	means each of the Company's Rate Schedules or contracts under which Gas Service is provided on an Interruptible basis.
Interruptible	means a type of Gas Service that is subject to interruption or curtailment
LNG	means Liquefied Natural Gas
Main	means the gas pipe other than Service Line
Month	means the period beginning on the first Day of a calendar month and ending on the beginning of the first Day of the next succeeding calendar month
Person	means any corporation, whether public or private; company; individual; firm; partnership; or association
PGA Rider	means the Company's Purchased Gas Adjustment Rider
PSIA	means pounds per square inch absolute
Residence	means a parcel or tract of land upon which a residence, building, structure, or other facility containing a particular set of gas-consuming appliances is located
Residential Service	applies to Customers supplied for residential purposes on an individual basis in a single family dwelling or building, or in an individual flat or apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons.
SNG or Southern	means Southern Natural Gas Company
Tariff	means all Rate Schedules, Terms of Service, and Rules and Regulations approved by the Authority relative to Gas Service provided by the Company.
Tennessee Pipeline	means Tennessee Gas Pipeline Company
Therm	means 100,000 Btus

DEFINITIONS (Continued)

Point of Delivery	means the outgoing side of the meter(s) or regulator(s) installed and maintained by the Company for the purpose of measuring gas delivered to Customer.
Service	means gas service.
Special Contract	means a contract for Service on forms furnished by the Company.
Service Stub	means gas pipe laid from main to Customer's property line.
Service Line	means the gas pipe laid from Customer's line to Point of Delivery.

APPLICATION FOR SERVICE

Service will be rendered by the Company upon application by the Customer for service and the acceptance thereof by the Company.

Company will make extensions of its distribution system pursuant to the provisions hereinafter set forth.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. Definitions

- (1) Approach Main - main constructed outside the property boundaries of the development or premises of the Applicant for which gas service is requested.
- (2) Project Main - main constructed within the property boundaries of the development or premises of the Applicant for which gas service is requested.
- (3) Gas Consumption Bulletin - a bulletin showing the estimated annual consumption of various gas appliances by residential Customers as determined from time to time by the Company.
- (4) Infill Potential - the estimated additional gas loads that will be served from the Approach Main at locations outside the development or premises for which gas service is requested.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- (5) Revenues - Revenues shall be computed for the estimated annual consumption at the current rates excluding gas cost, other rider and tracker revenues, and any taxes added to the Customer's bill.

B. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the curb or right-of-way line of a public street, highway, road or alley upon which the residential structure to be served faces and abuts at no cost to the Applicant. Additional facilities will be provided pursuant to the following provisions.

C. Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the investment.
- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of the investment as determined from time to time by the Company. These costs will be discounted at the cost of capital.
- c. The required investment in metering and regulating equipment shall be based on engineering cost estimates as determined by the Company.
- d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal periods of the Company.
- e. Estimated Annual Revenues shall be based upon the usage of the appliance that the Applicant has committed contractually to install as shown in the applicable Gas Consumption Bulletin of the Company in Appendix A of the Rules and Regulations at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- f. To the extent that the extension required investment in Approach Main, Estimated Annual Revenues may also include Revenues associated with Infill Potential, as hereinafter defined, provided, however, that revenues associated with Infill Potential may not exceed fifty percent (50%) of Project Revenues.
- g. "Revenues Associated with Infill Potential" means revenues, adjusted for any additional costs, which, based upon analyses of the Company's extensions for residential service in comparable areas, can be expected within a five year period from the Approach Main in addition to Project Revenues.
- h. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years where natural gas space heating is installed; 10 years where natural gas water heating is installed as the principal gas appliance and 5 years for any other equipment. The Company reserves the right to recognize any conditions that would make the use of a typical economic life factor imprudent.

(2) Order of Application

- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment; service line; Project Main; and Approach Main.
- b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main capable, in the opinion of the Company, of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.

- c. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the curb to the first reasonably acceptable meter location as determined by the Company.
- d. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines. Such payment may be made over 36 months provided that the Applicant executes an appropriate finance agreement with the Company. Interest on unpaid balances shall accrue from the date construction is completed at a rate equal to the then existing prime rate (as defined in the Money Rates Section of the Wall Street Journal) plus 3 percent. The interest rate shall be adjusted on the 1st day of April of each succeeding year to the then existing prime rate plus 3 percent.

b. Adjustment of Allowable Investment and Payments

- (i) A survey will be made by the Company within one year after service is commenced to a Customer at a particular residential unit and in any event within three years after the date of completion of the main extension to determine the appliances or equipment in use at the development or premises of the Applicant served by the extension.
- (ii) If, based upon the appliances or equipment found to be in use, there is a lesser allowable investment than that originally granted and a payment is



RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

required in addition to any prior payment by the Applicant, such additional payment shall be paid by the Applicant.

- (iii) The Company may grant a reasonable extension of time for the Applicant to install the appliances or equipment originally agreed upon, provided that the failure to install such appliances or equipment was due to reasons beyond the control of the Applicant.

c. No Refund of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.

d. One Service Line for a Single Premises

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph C (1) above.

e. Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense.
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer.

D. Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to install one or more of such appliances or items, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual appliances and equipment installed and utilized. If the Applicant is a developer or builder, the Applicant will install all the appliances on which the extension was based within three years of completion of the total project or shall pay the Company in accordance with the provisions of subparagraph C (5) (b) above.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services and metering and regulating equipment, and publish the average costs on April 1<sup>st</sup> of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment:

- a. To extend the gas main or connect additional gas mains to any part of it.
- b. To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (C) above, actual costs may be used to determine the required Customer contribution.. If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

E. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Non-Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the premises of the Applicant. All such main and service facilities will be provided pursuant to the following provisions.

B. Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the Investment.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of such investment as determined from time to time by the Company. These costs will be discounted at the Company's cost of capital.
  - c. The required investment in metering and regulating equipment shall be based upon engineering cost estimates as determined by the Company.
  - d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal period of the Company.
  - e. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years for firm service to apartments, office buildings, churches and schools; and ten years to any other firm service including mobile home parks. For interruptible service the economic life factor shall be five years. The Company reserves the right to adjust the economic life factors to recognize any conditions that would make the use of a typical economic life factor imprudent. The economic life of industrial service shall not be greater than the length of gas service contract in years.
  - f. Estimated Annual Revenues shall be based upon the contractual commitment of the Customer for annual consumption at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.
- (2) Order of Application
- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment; service line; and main.
  - b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main, capable in the opinion of the Company of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.
- b. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the Company's main to the first reasonable acceptable meter location as determined by the Company.
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule. Further, the Company may require Applicant to provide both power and phone lines to the location of such metering facilities.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- b. Adjustment of Allowable Investment and Payments
  - (i) Within one year after service is commenced to a Customer, the Company will determine if the annual usage determined in accordance with Section B (I)(e) above has been met.
  - (ii) If, based upon the above determination, there is a lesser allowable investment than that originally granted, and a payment is required in addition to the prior payment by the Applicant, if any, such additional shall be paid by the Applicant.
  - (iii) The Company may grant a reasonable extension of time for the Applicant to raise annual consumption to the level agreed upon, provided that the failure to reach that level of consumption was due to reasons beyond the control of the Applicant.
- c. No Refunds of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.
- d. One Service Line for a Single Premise

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph B (1) above.
- e. Relocation of Service
  - (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense.
  - (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

C. Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to consume sufficient gas to produce the Estimated Annual Revenues, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's non-residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual equipment installed and utilized.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services, and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment:

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- a. To extend the gas main or connect additional gas mains to any part of it.
- b. To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains.

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (B) above, actual costs may be used to determine the required Customer contribution.. If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

D. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

SERVICE LINE

Service lines from the main to the meter will be laid by the Company, and will at all times remain subject to the control of the Company. It is not contemplated that in running service lines the Company will put risers in buildings when meters are set above the first floor, in cases of this kind the Company will run the service line to the ground floor or to the basement, but all expenses through and beyond the first floor foundation wall shall be borne by the Customer. Service lines will be kept in repair by the Company at its own expense; but any alterations made necessary, such as changing of location, may be done at the Customer's expense. The Company does not in any case hold itself responsible for a stoppage, from frost or other cause, of the service lines or house lines. The Company will employ all reasonable means of clearing the lines to the meter, when stopped from any cause. All lines beyond or leading from the meter must be cleared at the Customer's expense.



### APPARATUS-EASEMENTS

Customer's Lines: All house lines and equipment except the Company's meters and accessories on the Customer's side of the point of delivery, necessary to utilize service furnished by the Company, must be installed and maintained by and at the expense of the Customer. The Customer's lines shall terminate at the point of delivery, in a manner satisfactory to the Company, for connection with the Company's lines or apparatus.

Company Property: All service lines, apparatus, instruments, meters and materials supplied at the expense of the Company shall remain its property, and any other property installed at the expense of the Company, shall belong to the Company.

Inspection by Company: The Company is willing to assist the Customer by advice as to the installation of the Customer's apparatus and to examine the Customer's installation, and may refuse to make connection or to commence or continue service whenever such installation is not in proper condition; but no inspection by the Company, nor any failure by it to object to the Customer's installation, shall render the Company in any way liable for any damage or injury resulting from any defective installation made by the Customer.

Right of Way: The Customer shall make or procure satisfactory conveyance to the Company of right of way for the Company's lines and apparatus across and upon the property owned and controlled by the Customer, necessary or incidental to the furnishing of service.

Installation: For the purpose of determining the amount of gas used, a meter or meters shall be installed and maintained by the Company upon the Customer's premises; and, except as to outside locations heretofore or hereafter approved by the Company, the Customer shall provide free of expense to the Company, near the service entrance, a clean, dry, safe place for the meter and any necessary appurtenant device, which may be furnished by the Company. Where several buildings are supplied on one property, a centralized meter location may be required.

Notice to Discontinue: Notice by Customer to discontinue the supply of gas must be given the Company at least 24 hours in advance. The Customer will be held responsible for all gas consumed until such notice is given, including a reasonable time for securing the final reading of the meter.

### TESTS AND ADJUSTMENTS

The Company, at any time upon the request of the Customers, will test the meter of such Customer within five days after receipt of such request, provided the Customer will accept the result of such test as a basis for the settlement of the Customer's account. If any such test shall show the average error of the meter to be less than 2%, the Customer shall pay the expense of the test; except that where the meter has not been tested at the request of the Customer within five (5) year period immediately preceding such request, the test will be made without charge to the Customer. The Company may at any time at its own expense test any of its meters. If on test of a Customer's meter, either by the Company or

TESTS AND ADJUSTMENTS (Continued)

by the Authority, such meter shall be found to have a percentage of error greater than 2%, the following provisions for the adjustment of bill shall be observed.

Fast Meters: When a meter is found to be fast in excess of 2%, the Company shall refund to the Customer an amount equal to the excess charged for the gas incorrectly metered. The period over which the correction is to be made shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months. No part of the minimum service charge shall be refunded.

Slow Meters: When a meter is found to be slow in excess of 2%, the Company may make a charge to the Customer for the gas incorrectly metered. The period over which the correction is to be computed shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months.

Failure to Register: If a meter is found not to register for any period, the Company will estimate and charge for the gas used by averaging the amounts registered over similar periods and under similar conditions preceding or subsequent thereto, or over corresponding periods in previous years.

Company's Rights: The properly authorized employees of the Company shall at all times have the right of access to the premises into which gas has been introduced, for the purpose of examining the general service or to read, inspect, test, repair, replace or remove its meter or other equipment, or for such other purposes as may be necessary for the protection of the Company. In case of any willful, intentional, or unnecessary injury to or interference with the meter or any connection made to the house lines or services, the meter at the option of the Company may be removed, the service line cut off, and service discontinued.

CUSTOMER SECURITY DEPOSITS

Prior to rendering service, deposits will be required from those residential Customers whose credit history dictates that a deposit is needed. All other residential Customers will not be required to provide a deposit.

Prior to rendering service, payment security will be required of all commercial and industrial Customers. Commercial and industrial Customers shall be given the option of either providing an adequate Cash Deposit, Letter of Credit, Indemnity Bond or a Letter of Guarantee from a financially acceptable parent company.

Any deposit which is required to be provided by a Customer shall only be refunded upon the Customer's discontinuation of his service.

The Company may require a deposit not more in amount than the maximum charge for two (2) consecutive billing periods.

CUSTOMER SECURITY DEPOSITS (Continued)

Interest shall accrue at the rate of 6% Per Annum. No interest shall accrue on deposits after service has been discontinued.

BILLS, PAYMENTS, NON-PAYMENTS

Payment of bills for service rendered must be received by the due date as stated on the Customer's bill which shall be approximately twenty-one (21) days from the date billed for cycle billed Customers and sixteen (16) days from the date billed for end-of-month Multi-Family Housing Service and Large Volume Commercial and Industrial Customers. The current month's bill for gas service shall be subject to a 5% late payment charge if payment is not received timely.

If the Customer shall fail to pay bill after it has become delinquent, the Company may, seven (7) days after notice to the Customer, discontinue service and apply any deposit made by the Customer in liquidation of such bill. Whenever the Company has issued a service suspension notice to a Customer for non-payment of a gas bill, the Company may make a charge of \$50.00 for the re-connection of service, and will require a deposit.

Gas Service may be terminated:

(1) By the Customer:

Unless otherwise provided, gas service may be terminated at any time by giving notice to Company; provided, however, anything contained in the provisions of the Company's TPSC Gas Tariff No. 1, and/or any Agreement for Sale of Gas or Special Contract to the contrary notwithstanding, a non-residential Customer shall have the right and privilege which he may exercise any time by giving written notice to Company to terminate gas service if such Customer shall have discontinued his operations and dismantled his plant, and such cancellation shall relieve Customer from the obligation to pay such minimum charge, if any, which might have become payable had such gas service not been terminated.

(2) By the Company:

Service may be refused or discontinued for any of the reasons listed below. Unless otherwise stated, the Company shall comply with the notice requirements before service is discontinued. However, no service shall be discontinued on the day or a date preceding a day or days on which the services of the Company are not available to the general public for the purpose of reconnecting the discontinued service, except as provided in (a), (b), (c) and (d) below:

- a. Without notice in the event of a condition determined by the Company to be hazardous.
- b. Without notice in the event of Customer use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

BILLS, PAYMENTS, NON-PAYMENTS (Continued)

- c. Without notice if there is evidence of tampering with the equipment furnished and owned by the Company
- d. Without notice if there is evidence of unauthorized use.
- e. For violation of and/or non-compliance with the Company's rules on file with and approved by the Authority.
- f. (For failure of the Customer to fulfill his contractual obligations for service and/or facilities subject to regulations by the Authority.
- g. For failure of the Customer to permit the Company reasonable access to its equipment.
- h. For non-payment of delinquent account.
- i. For failure of the Customer to provide the Company with deposit as authorized by Rule 1200-4-5.14.

Gas service to any gas Customer may not be terminated by the Company without reasonable prior notice where required and the Customer being given reasonable opportunity to dispute the reasons for such termination.

- (3) It shall be unlawful for any person to obtain or attempt to obtain by use of any fraudulent scheme, device, means or method gas service, with intent to avoid payment of the lawful price, charge or toll therefor, or for any person to cause another to avoid such payment for such service, or for any person to assist another in avoiding payment for gas service, either through the making of multiple applications for service at one address, or otherwise.
- (4) Termination of gas service by either Customer or Company shall not relieve Customer from the obligation to pay Company for services rendered prior to the effective date of such termination.

MISCELLANEOUS REGULATIONS

The Customer Agrees:

- (1) To be responsible for all damages to, or loss of, the Company's property located upon his premises, unless occasioned by fire or by the Company's negligence.
- (2) To use gas supplied through Company's meter only; and if such meter is found defective by the Company, the Company may repair or replace same.
- (3) It is understood that the Company shall be under no duty to inspect, repair or maintain the service of other lines, connections, equipment or appliances located on the premises of the Customer.
- (4) Company shall have the right to terminate gas service after reasonable notice has been given for any Customer who may be in arrears for a period of seventeen (17) days or longer in paying for gas furnished and/or used by Customer at Customer's present or subsequent address, it being understood hereby that said seventeen (17) day period commences on date the bill as above defined was rendered.
- (5) There is a charge for seasonal turn-ons and heating light-up service of \$50.00.
- (6) Customers may elect seasonal suspension of service instead of seasonal disconnection. If a Customer elects seasonal suspension, the account will remain active and the meter will continue to be read. No bill will be issued until the monthly consumption exceeds 3 Therms per month. The first month that the consumption exceeds 3 Therms the seasonal suspension will be terminated and the Customer will be billed the Monthly Customer Charge for that month, the gas consumed during that month, and the gas consumed during for each month during the seasonal suspension period. The Customer will not be billed the seasonal turn-on and heating light-up service charge.
- (7) There is a \$50.00 charge for reconnection of service where service has been suspended for non-payment of a gas bill.
- (8) Service Establishment Charges
  - A. For establishing an account for gas service to a Customer at a particular premises:
    - (i) where there is an existing meter set at such premises installed to serve an occupant of the premises.....\$15.00
    - (ii) when there is no existing meter set at such premises, or where an existing meter set at such premises has been used only for temporary service to a builder, contractor or developer prior to occupancy of the premises.....\$25.00

MISCELLANEOUS REGULATIONS (Continued)

- B. The above charges do not apply to restorations of service subject to paragraph (5) or (7) above, nor to temporary service to a builder, contractor or developer prior to occupancy of the premises, nor to a rental unit subject to a contract with the landlord providing that gas service shall continue during periods when the unit is not occupied by a tenant and that the landlord shall be responsible for the payment of bills for gas service until an account is established in the name of a new tenant.
- (9) As a convenience to the Customer, the Company may at the Customer's option, receive payment through a third party service provider that processes payment by telephone. The third party service provider may collect directly from the Customer a separate charge for processing the payment
- (10) If the Customer requests service as stated in (5), (7), and (8) above at times other than the regular office hours of the Company the above stated service charges shall be at one and one-half (1 1/2) times the above stated regular rate.
- (11) There is a \$20.00 service charge for Customer checks returned to the Company by the banks because of "Insufficient Funds".
- (12) Notwithstanding any other provisions of these rules, the Company shall postpone the physical termination of gas service to a residential Customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of the service will aggravate an existing medical emergency of the Customer or other permanent resident of the premises where service is rendered. During the thirty (30) day extension the Customer or other permanent resident of the premises where service is rendered shall be referred to social service agencies for investigation, confirmation of need and guarantee of payment. The Company shall supply Customers with names of agencies providing assistance.
- (13) All Customers shall be provided with the option of a Third Party Notification Service and shall be notified annually by the Company of its availability. The Third Party Notification Service will provide any Customer with the opportunity to designate a Third Party who will receive a duplicate of any termination notice.
- (14) Company shall increase the present level of Contributions-In-Aid-of-Construction and Customer Advances-for-Construction by 33% to implement the effect of the Tax Reform Act of 1986.
- (15) Company shall have the right to make other or additional rules and regulations at any time, and the furnishing of gas hereunder shall not constitute a waiver of any prior or present claim or right held by Company against Customer.

POLICY ON SERVICE CHARGES

The general types of service which the Company shall provide on a charge or no-charge basis are listed below but are not necessarily limited to the following:

I. CHARGE SERVICE

1. Cleaning of gas lights and gas grills
2. Replacement of air filters furnished by Customer
3. Disconnecting and reconnecting ranges
4. Pumping and pressurizing air conditioners
5. Cleaning pilots and/or burners
6. Seasonal turn-ons and heating light-up service
7. All service orders where parts are installed
8. Replacement of mantles and glass for gas lights
9. Sending collector to Customer's premises to collect past due gas bill to avoid turn-off of service for non-payment
9. Reconnection of service where service has been suspended for non-payment of a gas bill
10. Service Establishment Charges

II. NO CHARGE SERVICE

1. Meter Orders
  - a. Remove
  - b. Change (does not include relocation of meters at Customer's request)
  - c. Turn-off
2. Safety Inspections (new Customer and/or new equipment)
3. Leak Investigation
4. High-bill Investigations
5. Confirmation of meter reads
6. Gas-air adjustments (where no cleaning is required)
7. Any trouble call resulting from low pressure caused by Company's distribution system
8. Relighting appliances after interruption of gas due to Company convenience (construction, etc.)

**CHATTANOOGA GAS COMPANY  
GAS TARIFF  
TRA NO. 1  
TENNESSEE REGULATORY AUTHORITY  
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**RATE SCHEDULE R-1**  
**Residential General Service**

AVAILABILITY

Available for all gas service furnished to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered or measured, irrespective of the fact that a person other than the resident: (1) is contractually bound to the Chattanooga Gas Company (Company) for the charges, or (2) actually pays the charges, or (3) is billed for the charges. Use of gas service in hotel or motel units by transient occupants shall not constitute residential use. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate</u> November-April	<u>Summer</u> <u>Net Rate</u> May-October
<u>Customer Base Use Charge</u>	\$14.00	\$7.50
<u>Commodity Charge</u>		
First 50 Therm Per Month	20.33¢ Per Therm	20.33¢ Per Therm
Over 50 Therm Per Month	15.00¢ Per Therm	15.00¢ Per Therm
<u>Summer Air -Conditioning Charge</u>		
Over 50 Therm Per Month	----	15.00¢ Per Therm
<u>Standby Service Demand Charge</u>		
Rate Per Therm Of Input Per Month	Demand Charge Applicable To I-1 Customers	Demand Charge Applicable To I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms.

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therm}$$

Monthly billing in units of CCF, DTH or Therms may be based upon monthly or bi-monthly meter reading.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

SUMMER AIR-CONDITIONING RATE

Available to any residential Customer who has installed and regularly operates a gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**RATE SCHEDULE R-1 (Continued)**

**STANDBY SERVICE**

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenues realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

**GAS LIGHT SERVICE**

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

**MULTIPLE BILLING**

Where the Company serves a number of separate dwelling units under common ownership on the same premises with service through a single meter, the minimum charge and the quantity of gas within each block of the above rates shall be multiplied by the number of individual units in which gas is consumed.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-0712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE R-4**  
**Multi-Family Housing Service**

**AVAILABILITY**

Available to any public housing authority, or to any private company which operates a housing project containing not less than 50 dwelling units, which uses gas in each dwelling unit for two or more of the following purposes: Cooking, water heating, refrigeration, air conditioning and space heating, and which contracts for gas service for a period of not less than one year, and is subject to the Chattanooga Gas Company (Company)'s determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly without the approval of the Company.

MONTHLY BASE RATE (Per Dwelling Unit  
Connected)

Winter

Summer

Net Rate  
November- April  
\$6.00/Unit

Net Rate  
May-October  
\$6.00/Unit

Customer Base Use Charge

Commodity Charge

Flat Rate Per Month

19.67¢ Per Therm

19.67¢ Per Therm

Air -Conditioning Commodity Charge

Flat Rate Per Month

----

15.00¢ Per Therm

Standby Service Demand Charge

Rate Per Therm Of Input Per Month

Demand Charge Applicable  
To I-1 Customers

Demand Charge Applicable To  
I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therm}$$

Monthly billing in units of CCF, DTH or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**SUMMER AIR-CONDITIONING RATE**

Available to any multi-family housing Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

**MINIMUM BILL**

The minimum monthly bill shall be the Customer Base Use Charge per dwelling unit as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**Rate Schedule R-4 Multi-Family Housing Service (Continued)**

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE C-1**

**Commercial and Industrial General Service**

**AVAILABILITY**

Available to any commercial or industrial Customer for all purposes. Gas service under this rate schedule in excess of 1,000 THERM per day shall be, at the option of Chattanooga Gas Company (Company), by written contract for a term of one year or less providing for monthly payment of gas Service, and is subject to the Company's determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

**MONTHLY BASE RATE**

Therm

Winter

Net Rate

November-April

Summer

Net Rate

May-October

Customer Base Use Charge

\$30.00

\$20.00

Commodity Charge

First 5,000 Therm Per Month

26.71¢ Per Therm

26.71¢ Per Therm

Over 5,000 Therm Per Month

15.00¢ Per Therm

15.00¢ Per Therm

Air -Conditioning Charge

Flat Rate Per Month

----

15.00¢ Per Therm

Standby Service Demand Charge

Rate Per CCF of Input Per Month

Demand Charge Applicable to  
I-1 Customers

Demand Charge Applicable to  
I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therm}$$

Monthly billing in units of CCF, DTH or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**SUMMER AIR-CONDITIONING RATE**

Available to any commercial or industrial Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for summer air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

**MINIMUM BILL**

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**RATE SCHEDULE C-1(Continued)**

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**STANDBY SERVICE**

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenue realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

**GAS LIGHT SERVICE**

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

**SPECIAL TERMS & CONDITIONS**

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per DTH or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company.

**RATE SCHEDULE C-1(Continued)**

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Service Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.



**RATE SCHEDULE I-1**

**Commercial and Industrial Large Volume Firm Sales Service**

**RESTRICTED AVAILABILITY**

This rate is available to those Customers actually taking service under Rate Schedule I-1 as of February 1, 1994. This rate will be available to additional Customers subsequent to February 1, 1994 only upon Chattanooga Gas Company (Company)'s ability to provide adequate gas supply to support the sale on terms and conditions which are satisfactory in the sole judgment of the Company subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer.

**AVAILABILITY**

Available to any commercial or industrial Customer for all purposes under the following conditions:

1. Service shall be limited to Customers consistently using a minimum of 36,500 DTH annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers.
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of not less than 12 months.

**MONTHLY BASE RATE**

**Net Rate**

Thousands of Cubic Feet (MCF)

Customer Base Use Charge

\$300.00

Demand Charge

Per Unit of Billing Demand

\$3.00 Per Dth

Commodity Charge

First 1,500 Dth Per Month

\$0.9543 Per Dth

Next 2,500 Dth Per Month

\$0.8158 Per Dth

Next 11,000 Dth Per Month

\$0.4630 Per Dth

Over 15,000 Dth Per Month

\$0.2845 Per Dth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**RATE SCHEDULE I-1 (Continued)**

**MINIMUM BILL**

The minimum monthly bill shall be the Customer's Base Use Charge as shown in the Monthly Base Rate stated above plus the amount of the individual Customer's Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule Payment Terms

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**BILLING DEMAND**

The billing demand shall be the greater of (a) or (b) below:

- (a) The demand for the current month is always the highest demand day in any of the previous 11 billing months plus the current billing month - - bearing in mind that demand days are established only during the billing months of November, December, January, February and March
- (b) The demand will be 65% of the average daily consumption for the preceding months of April through October.

Whenever a Customer commences taking service under this rate between April 1, and October 31 of any year, the billing demand for each billing month prior to the November billing shall be 6% of the monthly consumption in each such month. Commencing with the billing month of November, the billing demand shall be determined either under (a) or (b) above.

**DETERMINATION OF DEMAND DAY**

The demand day shall be determined at the option of the Company by one of the following methods:

- 1. By measuring the maximum volume of gas taken by the Customer in any one day through the use of volume and pressure recording and measuring equipment installed by the Company.
- 2. When gas is delivered to a Customer through a positive displacement meter without the use of daily recording and measuring equipment, the maximum volume of gas taken in any one day during the billing month shall be 6% of the total volume of gas used by the Customer during such billing month.

The Company retains the option of installing recording and measuring equipment to determine the maximum volume of gas taken in any one day on the meter of any Customer purchasing gas service under this Rate Schedule.

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

**RATE SCHEDULE I-1 (Continued)**

**SPECIAL TERMS AND CONDITIONS**

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per DTH or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE L-1**

**Commercial and Industrial Interruptible Sales Service**

**AVAILABILITY**

Gas sales service available on an interruptible basis to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 DTH. A Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 DTH.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements, and further provided the Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers. Further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

**RATE SCHEDULE L-1 (Continued)**

6. Customer agrees to install and maintain in usable condition standby fuel burning facilities to enable Customer, in the event of a curtailment of gas, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the delivery of gas hereunder interrupted or curtailed by the Company in accordance with the special terms and conditions as hereinafter set forth.

**MONTHLY BASE RATE**  
**(DTH)**

**Net Rate**

**Customer Base Use Charge**

\$300.00

**Commodity Charge**

First 1,500 Dth Per Month

\$0.9543 Per Dth

Next 2,500 Dth Per Month

\$0.8158 Per Dth

Next 11,000 Dth Per Month

\$0.4630 Per Dth

Over 15,000 Dth Per Month

\$0.2845 Per Dth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

**AUTHORIZED INCREMENTAL RATE**

When the Company determines that volumes of gas are available to be purchased and transported to Customers under this Rate Schedule, then the Company shall, at its option, be authorized to charge the incremental rate in lieu of the published PGA rate for L-1 Customers for such volumes distributed to those Customers who have been offered and who have agreed to pay such incremental rate in lieu of having their gas service curtailed. On days when gas is not being withdrawn from the Company's Liquid Natural Gas (LNG) facility for system supply, the incremental rate shall be the applicable index rate plus the variable pipeline charges. On those days when gas is being withdrawn from the LNG facility, the incremental rate will be increased to reflect the cost of gas used in the liquefaction and vaporization process.

**MINIMUM BILL**

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

**RATE SCHEDULE L-1 (Continued)**

**INTERRUPTIBLE AND FIRM SERVICE**

Should any Customer qualified to purchase interruptible gas under all the availability provisions quoted above desire to purchase firm gas under Rate Schedule "C-1" or "I-1" plus interruptible gas under this Rate Schedule "L-1", said Customer may do so through a single meter installation under the following conditions:

1. The Company and the Customer must agree as to the maximum volume of firm gas to be delivered in any one day under Rate Schedule "C-1" or "I-1".
2. The volume of gas to be billed at the interruptible rate will be the total of the deliveries on each day of the billing month in excess of the agreed volumes for Rate Schedule "C-1" or "I-1".
3. The Customer's requirement for interruptible gas must not be consistently less than a minimum daily volume of 100 DTH on an annual or summer seasonal basis (May-October) above and beyond the purchase of firm gas.

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation (includes applicable income taxes) of the Data Collection equipment. All Customers shall also be required to pay the installation and monthly cost of any power, telephone lines or wireless facilities necessary for the operation of such equipment.

**SPECIAL TERMS AND CONDITIONS**

The Company will allocate gas available for delivery under this Tariff as equitably as possible among affected Customer giving effect to those similarly situated and in so doing may always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail interruptible gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules and to prevent Customer being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a price that is below current costs.

Customer shall immediately discontinue the use of interruptible gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

**RATE SCHEDULE L-1 (Continued)**

**SPECIAL TERMS AND CONDITIONS (Continued)**

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE T-1**

**Interruptible Transportation Service**

**TRANSPORTATION SERVICE AGREEMENT**

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

**AVAILABILITY**

Available on an interruptible basis under a Transportation Service Agreement to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 DTH. A Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 DTH.
2. The Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule L-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.



**RATE SCHEDULE T-1 (Continued)**

6. Customer agrees to install and maintain standby fuel burning facilities to enable Customer, in the event of curtailment of service, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the service hereunder interrupted or curtailed by the Company in accordance with the terms and conditions set forth in the Special Contract.

**MONTHLY BASE RATE**  
**(DTH)**

**\*Net Rate**

**Customer Base Use Charge**

**\$300.00**

**Commodity Charge**

First 1,500 Dth Per Month

**\$0.9543 Per Dth**

Next 2,500 Dth Per Month

**\$0.8158 Per Dth**

Next 11,000 Dth Per Month

**\$0.4630 Per Dth**

Over 15,000 Dth Per Month

**\$0.2845 Per Dth**

Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

\*Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

**MINIMUM BILL**

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

**RATE SCHEDULE T-1 (Continued)**

**BALANCING**

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

**CASH OUT OF MONTHLY IMBALANCE**

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline time the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline time the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

Percentage of the Imbalance	Short Premium	Long Discount
Equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	115%	85%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal tot or less than 19%	140%	60%
Over 20% & equal tot or less than 10%	150%	50%

The Daily Index Cost of Gas shall be derived from the prices published in *Gas Daily* in the Daily Price Survey .

Southern Natural , La	X	15%
	+	
Tennessee, La ,0 Leg	X	27%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges.

**RATE SCHEDULE T-1 (Continued)**

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism.

**LIMITING AND CURTAILING GAS SERVICE**

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**SPECIAL TERMS AND CONDITIONS**

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transported gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible transportation service deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers

**GENERAL TERMS AND CONDITIONS**

Transportation Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE T-2**  
**Interruptible Transportation Service With**  
**Firm Gas Supply Backup**

**TRANSPORTATION SERVICE AGREEMENT**

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

**AVAILABILITY**

Available on an Interruptible basis to eligible large volume Customers. Transportation Service shall be by Transportation Service Agreement in conjunction solely with service under Rate Schedule I-1.

1. Service will be limited to Customers consistently using on an annual basis, a minimal daily volume of 100 Dth.
2. The Customer's use under this rate shall not work a hardship on any other rate payers of Chattanooga Gas Company ( Company), nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers.
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year . Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31 Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule I-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

**MONTHLY BASE RATE**  
**(DTH)**

**\*Net Rate**

**Customer Base Use Charge**

**\$300.00**

**Demand Charge**

**Per Unit of Billing Demand**

**\$3.00 Per DTH**

**Commodity Charge**

First 1,500 Dth Per Month  
Next 2,500 Dth Per Month  
Next 11,000 Dth Per Month  
Over 15,000 Dth Per Month

**\$0.9543 Per Dth**  
**\$0.8158 Per Dth**  
**\$0.4630 Per Dth**  
**\$0.2845 Per Dth**

**RATE SCHEDULE T-2 (Continued)**

Firm Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

\* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

**MINIMUM BILL**

The Minimum Monthly Bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate as stated above plus the amount of the individual Customers' Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing

**BILLING ADJUSTMENTS**

Bills for Transportation Service hereunder shall be subject to adjustment for changes in the cost of Firm purchased gas demand charges in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

**SPECIAL TERMS AND CONDITIONS**

In the event of curtailment of interruptible transportation service by the Company, the pipeline transporter, or Seller, the Company agrees to supply the contracted quantity of natural gas to the Customer stated in Dth/day pursuant to the terms and conditions of Rate Schedule I-1 and the related gas sales agreement thereto or any amendments thereto. It is the intent that the Customer at all times receives the contracted stated quantity of firm gas supply from interruptible transportation service or from firm natural gas sales purchased from the Company. Service hereunder, however, shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory

**DATA COLLECTION EQUIPMENT**

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

**BALANCING**

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

**RATE SCHEDULE T-2 (Continued)**

**CASH OUT OF MONTHLY IMBALANCES**

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and will buy an amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline time the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline time the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

Percentage of the Imbalance	Short Premium	Long Discount
Equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	115%	85%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal tot or less than 19%	140%	60%
Over 20% & equal tot or less than 10%	150%	50%

The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from the Daily Price Survey.

Southern Natural , La	X	15%
	+	
Tennessee, La ,0 Leg	X	27%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will no apply to the cash-out mechanism.

**RATE SCHEDULE T-2 (Continued)**

**LIMITING AND CURTAILING GAS SERVICE**

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**SPECIAL TERMS AND CONDITIONS**

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transportation gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the consumer by telephone or otherwise and the consumer shall not resume service until so notified.

In the event consumer takes daily gas deliveries in excess of consumer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers.

**RATE SCHEDULE T-2 (Continued)**

**GENERAL TERMS AND CONDITIONS**

Transportation service hereunder shall be subject to the company's rules and regulations as filed with the Tennessee regulatory authority. The effectiveness of this tariff sheet will terminate should it be determined by the Tennessee regulatory authority that the limiting provisions contained in paragraph 2 of the availability section of this rate schedule are required to be implemented.



**RATE SCHEDULE SF-1**

**Experimental Semi-Firm Sales Service (SFSS)**

**AVAILABILITY**

This Rate Schedule is a bundled sales service available to those Customers served under Chattanooga Gas Company's Interruptible Rate Schedule L-1, Interruptible Transportation Rate Schedule T-1, and/or Interruptible Transportation with Firm Supply Backup T-2, to assist such Customers with mitigating the volatility of gas costs by providing the option of using storage volumes when such volumes can be made available by the Company with no detriment to the Company's firm ratepayers.

Service under this Rate Schedule will be awarded to winning bidders for November 1 of the current year through March 31 of the following year (Heating Season). Service provided under this Rate Schedule may be interrupted on any given day contingent on the Company's ability to provide service to the Company's firm rate payers.

**TITLE to GAS**

All Gas dedicated to SFSS annually shall remain the property of the Company. Title to said dedicated Gas shall pass from the Company to the Customer when Gas is delivered to the Customer pursuant to the terms of this Rate Schedule.

**AVAILABLE VOLUMES**

On August 1 of each year the Company will post the total Deliverability and Reserved Volumes that will be made available to eligible Customers under this Rate Schedule for the upcoming Heating Season. In addition the Company will post acceptable minimum seasonal Deliverability and Reservation Rates that would be acceptable to the Company as well as the commodity rate that will be applied to the total aggregate Reserved Volumes upon delivery. Customers eligible to receive service under SFSS may submit bids to the Company on or before August 20. Bids must include the following: Customer's desired Maximum Daily Deliverability; the dollar value the Customer places on the requested Maximum Daily Deliverability Volume in the form of a monthly unit Maximum Daily Deliverability Rate; Customer's desired total Reserved Volume; and the dollar value the Customer places on the requested Reserved Volume during the Heating Season in the form of a monthly unit Reservation Rate. On or before August 25 the Company will evaluate all bids and award the reserved Daily Deliverability and Reserved Volumes to the bid(s) generating the highest Net Present Value (NPV). However, in no event may a Customer's total Reserved Volume exceed the Customer's average daily usage during the previous twelve months times 30 days nor the Customers Daily Deliverability exceed the Customer's highest demand day during the previous Heating Season. If an L-1 Customer nominates SFSS service for a given day and fails to burn such amount, then such volumes will be carried over to the subsequent day.

If two or more bids generate the same NPV and the requested volumes exceed the total Daily Deliverability or total Reserved Volume available for use under this Rate Schedule, the Daily Deliverability will be allocated to the winning bidders on a pro rata basis. On or before August 31 the winning bidders shall enter into a contract to purchase from the Company the requested and/or allocated Reserved Volume.

**DELIVERABILITY**

Service provided under this Rate Schedule on a daily basis is limited to the total remaining capacity of the Company after firm requirements are satisfied. In the event of a curtailment SFSS supply must be nominated and will be delivered as long as the Company's firm requirements are satisfied. If on any day, the Company is unable to meet the total SFSS nominations because the demand for Gas to be delivered under this Rate Schedule exceeds the Company's ability to deliver Gas using the Company's existing capacity, nominations will be confirmed based on the highest unit rate bid for the monthly Deliverability Rate. In the event multiple bids are the same the volumes will be reduced pro rata. In no event will a Customer's cumulative receipt of Gas under this Rate Schedule exceed the Customer's total Reserved Volume for the Heating Season.

**RATE SCHEDULE SF-1 (Continued)**

**RATES**

These rates are in addition to the rates applicable to the Customer under Rate Schedules L-1, T-1 and / or T-2. The following charges shall be billed monthly during the Heating Season:

- (a) Maximum Deliverability Rate - A charge per Dth applied to the Maximum Daily Deliverability that the Customer bid and the Company accepted.
- (b) Reservation Rate - A charge per Dth applied to the Reserved Volume. That the Customer bid and the Company accepted.
- (c) Supplier Demand Rate - A charge per Dth applied to the Maximum Daily Deliverability awarded to the Customer. The purpose of this charge is to recover the total fixed costs from the interstate pipeline associated with the storage service(s) underlying this service. All revenue collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Demand cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (d) Supplier Volumetric Rate – A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover the total variable interstate pipeline costs associated with providing this service, including but not limited to the FT volumetric charge, storage injection and withdrawal charges and any and all associated fuel and surcharges. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (e) Commodity Rate – A rate per Dth for Gas delivered under this Rate Schedule during the preceding month. The rate to be applied to the Reservation Volumes will be posted on August 1 of any given year. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (f) Carrying Cost - The monthly cost for retaining the Reserved Volumes contracted by Customer. The amount charged shall be billed monthly for the preceding months remaining reserved volumes multiplied by the Company's pretax authorized rate of return.

Payment for the Maximum Daily Deliverability Charge and the Reservation Charge, shall be in five equal monthly payments due on the first of the month beginning November 1. All other charges shall be due upon presentation. Payments received after the due date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**RATE SCHEDULE SF -1 (Continued)**

**NOTIFICATION BY CUSTOMERS**

Qualifying Customers that have been approved for SFSS volumes will notify the Company by fax or e-mail by 12:00 Noon prior to the effective Gas Day that they desire to use volumes available under this Rate Schedule. Customers will be notified via e-mail or fax when demand for gas volumes under this Rate Schedule are terminated or allocated due to deliverability limitations pursuant to the availability provisions of this Rate Schedule. Provision of Gas under this Rate Schedule will automatically end when the Customer has utilized the Customer's Reserved Volume for the applicable Heating Season.

**VOLUME REMAINING AT MARCH 31**

If a Customer does not utilize the Customer's total Reserved Volume awarded by the Company, the remaining volume as of April 1 will be transferred to the Company's system inventory (excluding Company LNG). If there is a positive difference between the per Dth rate charged Customer during the Heating Season and the Company's per Dth cost of inventory (excluding Company LNG) as of April 1, the Customer will be billed for such difference in its next monthly bill.

**RATE SCHEDULE V-1**

**Natural Gas Vehicle Service**

**AVAILABILITY**

Available for all gas service furnished to any gas Customer who uses Natural Gas as an energy source for the propulsion of motor vehicles when the natural gas is delivered by Chattanooga Gas Company (Company) into separately metered facilities which compress the natural gas for such use, who contract in writing for service under this Rate Schedule, and who provide the necessary facilities for the compression of such natural gas for delivery to vehicles.

**MONTHLY BASE RATE**

**Net Rate**

**Customer Base Use Charge**

**\$17.50**

**Commodity Charge**

**15.00¢ Per Therm**

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes, including any amounts due in the form of motor fuel tax imposed by any governmental agency, as amended from time to time, shall be added to the above rates.

**MINIMUM BILL**

The minimum monthly bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

**PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

**BILLING ADJUSTMENTS**

Bills for gas service hereunder shall be subject to adjustments for changes in the cost of purchased gas in accordance with Purchased Gas Adjustments (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

**LIMITING AND CURTAILING GAS SERVICE**

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

**GENERAL TERMS AND CONDITIONS**

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority as well as the contractual provisions contained in the contract for service hereunder.

## **RATE SCHEDULE SS-1**

### **Special Service**

#### **AVAILABILITY**

This Rate Schedule is available to any commercial, industrial or transportation service Customer on those occasions when Chattanooga Gas Company (Company) has gas or transportation service that it cannot sell pursuant to its Interruptible Rate Schedule L-1 or Interruptible Transportation Rate Schedule T-1. On such occasions, the gas or transportation sales would be lost to the Company and to its Customers. This Rate Schedule is designed to permit the Company to sell such gas, or transportation service at negotiated rates and for the purpose of enabling the Company to compete with alternate fuels available for use by its Customers.

Service under this Rate Schedule is available to Customers on a temporary basis within the franchised territory of the Company and who are connected to the Company's distribution system and to transportation service Customers who can be served by pipeline supplier transportation arrangements. Service may be provided under this Rate Schedule only in the event that the Company has volumes of gas or transportation service that cannot be sold under other applicable Rate Schedules of the Company because of alternate fuel competition.

#### **MONTHLY RATE**

The Customer shall pay the Company for all gas or transportation service provided under this Rate Schedule at a predetermined net rate negotiated prior to providing service.

#### **MINIMUM BILL**

The minimum bill shall be the applicable Customer Base Use Charge due under Rate Schedule L-1 or T-1 and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

#### **PAYMENT TERMS**

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

#### **ALTERNATE FUEL PRICE**

In order to qualify for negotiated rates available under this Rate Schedule, the Customer shall furnish the Company with an affidavit setting forth the equivalent alternate fuel price, the quality of the alternate fuel, the quantity of the alternate fuel available at the current alternate fuel price and the period of time for which the current alternate fuel price will be effective.

#### **SPECIAL TERMS AND CONDITIONS**

When gas or transportation service is available for delivery under this Rate Schedule, the Company will always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This Rate Schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail gas or transportation service to the Customers under this Rate Schedule prior to curtailment of service under any other Rate Schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

**RATE SCHEDULE SS-1 (Continued)**

SPECIAL TERMS AND CONDITIONS (Continued)

Customer shall immediately discontinue the use of gas or transportation service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified. In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of \$30.00 per DTH or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of gas deliveries in whole or in part under this Rate Schedule shall not be the basis for claims against the Company for any damages sustained by the Customers.

GENERAL TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

**RATE SCHEDULE BBS – 1**

Budget Billing Service

AVAILABILITY

Available to any Residential or Firm Commercial Customer. The Customer's gas account must be current when joining the Budget Billing plan.

GENERAL TERMS AND CONDITIONS

Customer Notification and Application Forms will be mailed in July of each year.

The used-to-date amount consists of the total to date of the Customer's gas bills that the Customer would have incurred from the beginning of the budget plan had the Customer not been on the Budget Billing plan.

The paid-to-date amount consists of all payments to date by the Customer toward the Budget Billing plan from the beginning of the budget plan.

The budget year begins with the September billing and continues throughout the following August. The monthly budget payment amount is determined from the premise's Annual Base. The Annual Base is an actual or calculated dollar amount of the yearly gas usage for the premise. For new Customers who begin the plan in September, the Annual Base is divided by 11.5 to determine the monthly budget installment amount.

Customers may join the plan at any time during the budget year. Budget installments will be determined from the number of months remaining until the end of the budget year.

The minimum monthly budget installment amount is \$5.00. The plan is renewed automatically each year. The Customer may cancel the Budget Billing Agreement at any time upon making a request to return to Regular Billing status.

If the account is past-due and the used-to-date amount exceeds the paid-to-date amount, the account may be removed from the budget plan at the company's option.

BILLING ADJUSTMENTS

Budget Billing accounts are reviewed four times a year. These reviews occur in November, February, May, and August. The monthly installment amount may change with each review. An account will not be reviewed in November or May if the budget plan has been in effect less than two months.

In November, the monthly installment amount will be recalculated if the used-to-date and the billed-to-date amounts differ by more than one monthly budget bill installment. The recalculated amount will be determined as follows. The amounts from the previous year's December through August bills are added to the November difference between the used-to-date and billed-to-date amounts. The total amount is divided by 8.5. If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in December.

**RATE SCHEDULE BBS-1 (Continued)**

In February, all Budget Billing accounts will be recalculated. The recalculated amount will be determined as follows. The amounts from the previous year's March through August bills are added to the February difference between the used-to-date and billed-to-date amounts. The total amount is divided by 5.5. When the current budget amount is \$50.00 or greater and the difference between the current and the recalculated amount is greater than \$5.00, then the recalculated amount becomes effective in March. When the current budget amount is less than \$50.00 and the difference in the current and recalculated amounts is greater than 10% of the current amount, then the recalculated amount becomes effective in March.

In May, the monthly installment amount will be adjusted if the used-to-date and the billed-to-date amounts differ by more than two monthly budget bill installments. The recalculated amount will be determined as follows. The amounts from the previous year's June through August bills are added to the May difference between the used-to-date and billed-to-date amounts. The total amount is divided by three (3). If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in June.

When Customers sign up for the Budget Payment Plan, they may choose to have their excess credits (difference), if any, rolled into the budget amount for next year or they may choose to settle the account at the end of the budget year.

Each Customer who elects the refund option will receive a refund if the difference between the used-to-date and billed-to-date amounts at the end of the budget year is a credit of \$25.00 or greater. A credit balance of less than \$25.00 will be refunded at the request of the Customer. If the difference is a debit, the difference will be billed to the Customer in August.

If the Customer elects the rollover option, a difference of \$12.00 or greater (debit or credit) will be rolled into the new budget year calculations. A difference of less than \$12.00 (debit or credit) will be billed as an adjustment to the regular August installment.



### **CHATTANOOGA ASSISTED RATE FOR ENERGY SERVICE (CARES) TRACKER**

The Chattanooga Assisted Rate for Energy Service (CARES) program is designed to increase the availability of natural gas service to elderly low income Customers by providing a monthly credit to qualifying Residential Customers who are of age 65 years or over.

#### **APPLICABILITY**

The rates for gas service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the CARES Tracker.

#### **ELIGIBILITY**

To be eligible for a CARES credit, a Customer must be 65 years of age or older and a current recipient of any one of the following low income assistance programs.

- a. Temporary Assistance to Needy Families (TANF), previously known as AFDC
- b. Supplemental Security Income (SSI)
- c. Food Stamps
- d. Medicaid, as provided under TennCare

Additionally, a Customer 65 years of age or older with total gross annual income that does not exceed 125% of the federal poverty income guidelines may apply directly to the Tennessee Regulatory Authority (TRA) for eligibility certification.

All applications for service are subject to verification with the TRA or the state agency responsible for administration of the qualifying program.

#### **CERTIFICATION**

1. Proof of eligibility in any of the qualifying low income assistance programs should be provided to the Company at the time of application for service. The CARES credit will not be established until proof of eligibility has been received by the Company. If the Customer requests service prior to the Company's receipt of proof of eligibility, the requested service will be provided without the CARES credit. When eligibility documentation is provided subsequent to initiation of service, the CARES credit will be provided on a going forward basis beginning the first month after receipt of documentation.

2. The Company reserves the right to periodically audit its records, working in conjunction with the appropriate state agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the CARES plan.

3. When a Customer is determined to be ineligible as a result of an audit, the Company will contact the Customer. If the Customer cannot provide eligibility documentation, the CARES credit will be discontinued.

**CHATTANOOGA ASSISTED RATE FOR ENERGY SERVICE (CARES) TRACKER (Continued)**

**CARES CREDIT**

Upon approval of the application of a Customer, the Company shall provide a CARES Credit in the amount of \$7.50 per month.

**CARES FACTOR**

The CARES Factor shall be computed annually by dividing the total CARES credits provided to eligible Customers for the twelve months ended June 30 ± any imbalance from the previous program year by the total commodity distributed to all classes of Customers during the twelve months ended June 30. The total credit will equal the sum of the credits issued each month from July 1 of the previous year through June 30 of the current year. The previous year's imbalance, positive or negative, will equal the total amount to be recovered included in the previous years filing less the amount recovered through the application of the CARES Factor during the twelve months ended June 30.

$$\begin{aligned}\text{CARES Factor} &= \frac{\text{TCP} \pm \text{PYI}}{\text{TCD}} \\ \text{PYI} &= \text{PYA} - \text{TAR}\end{aligned}$$

PYI-Previous Year Imbalance is the amount remaining at June 30 of the current year from the previous year's filing or the amount recovered during the twelve months ended in excess of the previous year's filing.

PYA- Previous Year Amount is the amount used to compute the CARES Factor in the previous year's filing.

TAR-The Total Amount Recovered through the application of the CARES Factor during the twelveMonths ended June 30 of the current year.

TCP is the Total Credits Provided to Customers during the twelveMonths Ended June 30, of the current year

TCD-The Total Commodity Distributed during the 12 Months ended June 30 of the Current year.

CARES Factor- The factor to be applied to each Rate Schedule.

**FILING WITH THE AUTHORITY**

Annually the Company will file with the Authority the CARES Factor to be applied to volumes distributed during the following twelve months. The filing shall identify for each month during the twelve months ended June 30, the number of Customers that received the credit, the amount of credits provided, the total commodity volume sold, and the total amount recovered.

**BARE STEEL AND CAST IRON PIPELINE REPLACEMENT TRACKER**

**APPLICABILITY**

This Tracker shall apply to and become a part of each of the Company's Rate Schedules for all Distribution Services. The monthly rate per therm shall be increased by the annual "Pipeline Replacement Program Cost Recovery Factor" or "PRP Factor" as hereinafter provided.

**PURPOSE**

The purpose of this Tracker is for the Company to recover certain costs associated with the replacement of bare steel and cast iron pipe on the Company's system.

**DEFINITIONS**

For purposes hereof:

**Pipeline Replacement Costs to be Recovered** – Shall be the cost resulting from the determined for the Cost Year and shall include the depreciation of facilities installed under the PRP, the return on the investment in facilities installed under the PRP, carrying charges on un-recovered cost, and the related taxes. The return and carrying charges component will be computed using the rate of return most recently approved by the Authority.

**Cost Year** – The year on which a PRP Factor is calculated.

**Collection Year** – The twelve month period during which a PRP Factor is applicable. The Collection year begins April 1 following the Cost Year.

**COMPUTATION AND APPLICATION OF THE PRP FACTOR**

The PRP Factor shall be computed to the nearest one-hundredth  $1/100^{\text{th}}$  cent per therm in the following manner:

The annual PRP Factor shall be the quotient obtained by dividing the Cumulative Pipeline Replacement Costs less Cumulative Collections as of the end of the Cost Year by the number of therms distributed by the Company during the Cost Year.

**ANNUAL REPORT**

Annually by March 1 the Company will file a report with the Authority for the Cost Year ended the previous December 31, that identifies the ORO expenditures during the Cost Year, the cumulative cost of PRP as of the end of the Cost year, the cumulative PRP collections as of the end of the Cost Year, the computation of the Pipeline Replacement Costs to be recovered, and computation of the PRP Factor to be effective April 1.

**INTERRUPTIBLE MARGIN CREDIT RIDER**

**APPLICABILITY**

This Rider shall apply to and become part of each of Chattanooga Gas Company's (Company's) Rate Schedules under which gas is sold on a firm basis (hereinafter referred to as "Firm Schedule").

**INTENT AND APPLICATION**

This Interruptible Margin Credit Rider is intended to authorize the Company to recover ninety percent (90%) of the gross profit margin losses that result from rates negotiated under the provisions of Special Service Rate Schedule SS-1 or from Customers who switch to alternate fuels where the Company is unable to meet alternate fuel competition.

This Interruptible Margin Credit Rider is also intended to authorize the Company to recover not more than fifty percent (50%) of the gross profit margin that results from transactions with non-jurisdictional Customers that rely on the Company's gas supply assets (all such transactions including off-system sales) should such transactions be made by the Company.

**DETERMINATION OF GROSS PROFIT MARGIN LOSSES**

The gross profit margin loss shall be calculated as ninety percent (90%) of the difference between the Test-Year Targeted Rate Margin as determined in the Company's most recent rate case order of the Authority and the Actual Negotiated Rate Margin.

Any amount of gross profit margin losses shall be recovered from the firm commodity component of gas costs as determined under the presently effective Purchased Gas Adjustment Provision.

**FILING WITH THE AUTHORITY**

Each negotiated rate gross profit margin loss accounting/recovery period shall correspond with the Company's Fiscal Year which ends December 31, each year.

The Company shall charge all authorized negotiated rate gross profit margin losses to the "Deferred Gas Cost" account in accordance with Section III.C. of the Authority's PGA Docket No. G86-1 and shall file the supplemental sheets required by this Rule showing the calculation of the margin losses.

## WEATHER NORMALIZATION ADJUSTMENT

### (WNA) RIDER

#### PROVISION FOR ADJUSTMENT

The base rate per CCF/therm (100,000 Btu) for gas service set forth in any rate schedules utilized by the Authority in determining normalized test period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment."

#### DEFINITIONS

For Purpose of this Rider:

"Authority" means the Tennessee Regulatory Authority.

"Relevant Rate Order" means the final order of the Authority in the most recent litigated rate case of Chattanooga Gas Company (Company) fixing the rates of the Company or the most recent final order of the Authority Specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

#### COMPUTATION OF WEATHER NORMALIZATION ADJUSTMENT

The Weather Normalization Adjustment shall be computed to the nearest one-hundredth cent per CCF/therm by the following formula:

$$WNA_i = R_i \frac{(HSF_i(NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$$

#### Where

- |                  |   |   |
|------------------|---|---|
| i                | = | any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification  |
| WNA <sub>i</sub> | = | Weather Normalization Adjustment Factor for the i <sup>th</sup> Rate Schedule or classification expressed in cents per CCF/therm  |
| R <sub>i</sub>   | = | weighted average base rate (base rate less any embedded gas cost) of temperature sensitive sales for the i <sup>th</sup> schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| HSF <sub>i</sub> | = | heat sensitive factor for the i <sup>th</sup> schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues  |
| NDD              | = | normal billing cycle heating degree days utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues  |
| ADD              | = | actual billing cycle heating degree days  |
| BL <sub>i</sub>  | = | base load sales for the i <sup>th</sup> schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues  |

#### FILING WITH AUTHORITY

The Company will file as directed by the Authority (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

**WEATHER NORMALIZATION ADJUSTMENT**

**(WNA) RIDER COMPONENTS**

<u>RATE SCHEDULE</u>	WEIGHTED BASE RATE <u>(\$THERM)</u>	HEAT SENSITIVE FACTOR - HSF <u>(THERM)</u>	BASE LOAD - BL <u>(THERM)</u>
<u>(R-1) RESIDENTIAL GENERAL SERVICE</u> Winter (November – April)	.173604	.191495	12.901
<u>(R-4) MULTI-FAMILY HOUSING SERVICE</u> Winter (November - April)	.196700	.098985	18.695
<u>(C-1) COMMERCIAL AND INDUSTRIAL GENERAL SERVICE</u> Winter (November - April)	.239649	.811269	171.926

**PURCHASED GAS ADJUSTMENT PROVISION PURSUANT TO RULE 1220-4-7 OF**

**THE TENNESSEE REGULATORY AUTHORITY RULES AND REGULATIONS**

I. GENERAL PROVISIONS

- A. This Purchased Gas Adjustment (PGA) Rider is 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.
- B. This Rider is intended to apply to all Gas Costs incurred in connection with the purchase, transportation and/or storage of gas purchased for general system supply, including, but not limited to, natural gas purchased from interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of liquefied natural gas (LNG), liquefied petroleum gas (LPG), substitute, supplemental or synthetic natural gas (SNG), and other hydrocarbons used as feed-stock, other distribution companies and end-users, whether or not the Gas Costs are regulated by the Federal Energy Regulatory Authority and whether or not the provider of the gas, transportation or storage is affiliated with the Company.
- C. To the extent practicable, any revision in the PGA shall be filed with the Authority no less than thirty (30) days in advance of the proposed effective date and shall be accompanied by the computations and information required by this Rider. It is recognized, however, that in many instances the Company receives less than 30 days notice from its Suppliers and that other conditions may exist which may prevent the Company from providing 30 days advance notice. Therefore, should circumstances occur where information necessary for the determination of an adjustment under this Rider is not available to the Company so that the thirty (30) days requirement may be met, the Company may, upon good cause shown, be permitted to place such rates into effect with shorter advance notice.
- D. The rates for gas service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the PGA, or any specified portion of the PGA as determined by individual Rate Schedule(s).
- D. No provision of this Rider shall supersede any provision of a Special Contract approved by the Authority.

II. DEFINITIONS

- A. **“ Gas Costs ”** shall mean the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply.
- B. **“ Fixed Gas Costs ”** shall mean all Gas Costs based on the Company's right to demand gas or transportation on a daily or seasonal peak; but unless otherwise ordered by the Authority, shall not include other charges paid for gas reserve dedication (e.g., reservation fees and gas inventory charges), minimum bill charges, minimum take charges, over-run charges, emergency gas charges, take-or-pay charges or take-and-pay charges (all of which shall be considered commodity costs).

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

- C. **“ Gas Charge Adjustment”** shall mean the per unit amount billed by the Company to its Customers solely for Gas Costs. The Gas Charge Adjustment shall be separately stated for firm Customers and for non-firm Customers.
- D. **“ Suppliers”** shall mean any person or entity, including affiliates of the Company, who locates, purchases, sells, stores and/or transports natural gas or its equivalent for or on behalf of the Company. Suppliers may include, but not be limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of LNG, LPG, SNG, and other hydrocarbons used as feed-stock, other distribution companies and end-users.
- E. **“ Computation Period”** shall mean the twelve (12) month period utilized to compute Gas Costs. Such period shall be the twelve (12) month period ending on the last day of a month which is no more than 62 days prior to the filing date of a PGA.
- F. **“ Demand Billing Determinants”** shall mean the annualized volumes for which the Company has contracted with Suppliers as of the first day of the Filing Month.
- G. **“ Commodity Billing Determinants”** shall mean the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. Should the Company expect to purchase commodity gas from several Suppliers, the Company shall allocate to each supplier a percentage of the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. The percentage used to allocate among Suppliers shall be based on historical takes during the Computation Period, if appropriate; otherwise it shall be based upon the best estimate of the Company.
- H. **“ Filing Month”** shall mean the month in which a proposed revision is to become effective.

**III. COMPUTATION AND APPLICATION OF THE PGA**

The PGA shall consist of three major components: (1) the Gas Charge Adjustment; (2) the Refund Adjustment; and (3) the Actual Cost Adjustment (ACA).

**A. Computation of Gas Charge Adjustment.**

The Company shall compute the jurisdictional Gas Charge Adjustment at such time that the Company determines that there is a significant change in its Gas Costs.

1. **Formulas.** The following formulas shall be used to compute the Gas Charge

$$FirmGCA = \left[ \left( \frac{D \pm DACA}{SF} \right) - DB \right] + \left[ \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB \right]$$

$$Non - FirmGCA = \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB$$



**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**2. Definitions of Formula Components.**

GCA	=	The Gas Charge Adjustment in dollars per CCF/Therm, rounded to no more than five decimal places.
D	=	The sum of all fixed Gas Costs.
DACA	=	The demand portion of the ACA.
P	=	The sum of all commodity/gas charges.
T	=	The sum of all transportation charges.
SR	=	The sum of all FERC approved surcharges.
CACA	=	The commodity portion of the ACA.
DB	=	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves).
CB	=	The per unit rate of variable Gas Costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves).
SF	=	Firm sales.
ST	=	Total sales.

**3. Determination of Factors for Gas Charge Adjustment.**

**a. Demand Charges (Factor D)**

All fixed Gas Costs that do not vary with the amount of gas purchased or transported, including, but not limited to, the product resulting from the multiplication of (1) the respective Demand Billing Determinants by (2) the demand rates effective the first day of the Filing Month and (3) any fixed storage charges.

**b. Demand Actual Cost Adjustment (Factor DACA)**

See Subsection C of Section III.

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

- c. **Purchased Commodity Charges (Factor P)**  
All commodity or other variable gas costs associated with the amount of gas purchased or transported including, but not limited to, the product resulting from the multiplication of (1) the respective Commodity Billing Determinants by (2) the respective supplier's commodity/gas rate which are known, or if not known which are reasonably anticipated, to be in effect on the first day of the Filing Month.
- d. **Transportation Charge (Factor T)**  
The transportation charges actually invoiced to the Company during the Computation Period or expected to be invoiced to the Company during the current period.
- e. **FERC Approved Surcharges (Factor SR)**  
The sum of all FERC approved surcharges, including gas inventory charges or its equivalent, actually invoiced or expected to be invoiced to the Company during the Computation Period or to be effective the first day of the Filing Month by respective Suppliers.
- f. **Annual Cost Adjustment (Factor ACA)**  
See Subsection C of Section III.
- g. **Firm Sales (Factor SF)**  
Total volumes billed to the Company's firm Customers during the Computation Period, regardless of source, adjusted for known and measurable changes.
- h. **Total Sales (Factor ST)**  
Total volumes billed to all the Company's Customers during the Computation Period, regardless of source, adjusted for known measurable changes.

**4. Modification of Formulas.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**5. Filing with the Authority.**

The computation of the Gas Charge Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I of this Rider, and shall remain in effect until a revised Gas Charge Adjustment is computed and filed pursuant to this Rider.

The Company shall file with the Authority a transmittal letter, an exhibit showing the computation of the Gas Charge Adjustment, a PGA tariff sheet, and any applicable revised tariff sheets issued by Suppliers.

The transmittal letter shall state the PGA tariff sheet number, the service area(s), the primary reasons for revision, and the effective date.

If the Company proposes to recover any Gas Costs relating to (1) any payments to an affiliate or (2) any payments to a non-affiliate for emergency gas, over-run charges, take-or-pay charges, and take-and-pay charges (except as provided below) or (3) the payment of any demand or fixed charges in connection with an increase in contract demand, the Company must file with the Authority a statement setting forth the reasons why such charges were incurred and sufficient information to permit the Authority to determine if such payments were prudently made under the conditions which existed at the time the purchase decisions were made.

Any filing of a rate change under this Rider shall be effective on the proposed effective date unless the Authority shall act to suspend the proposed change within thirty days after the filing, in which case the filing shall be subject to notice and hearing.

The recovery of pipeline take-or-pay charges which were the subject of Docket No. U-87-7590 shall continue to be handled under procedures approved by this Authority in that docket until such time as such procedures may be modified or amended by further order of the Authority.

**B. Refund Adjustment.**

The Refund Adjustment shall be separately stated for firm and non-firm Customers, and may be either positive or negative.

**1. Computation of Refund Adjustment**

The Company shall compute a Refund Adjustment on the last day of each calendar quarter using the following formulas :

$$FirmRA = \left( \frac{DR1 - DR2}{SFR} \right) + \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

$$Non - FirmRA = \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**2. Definitions of Formula Components.**

RA	=	The Refund Adjustment in dollars per CCF/therm, rounded to no more than five decimal places
DRI	=	Demand refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
DR2	=	A demand surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CRI	=	Commodity refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
CR2	=	A commodity surcharge from a supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR3	=	The residual balance of an expired Refund Adjustment.
i	=	Interest on the "Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate 2% below the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter. The interest rate used shall not be greater than 12% nor less than 8%.
SFR	=	Firm sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.
STR	=	Total sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.

**3. Modification of Formula.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

**PURCHASED GAS ADJUSTMENT PROVISION (Continued)**

**4. Filing with the Authority.**

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount.

The Company shall file with the Authority a transmittal letter, exhibits showing the computation of the Refund Adjustment and interest calculations, and a PGA tariff sheet. The transmittal letter shall state the PGA tariff sheet number, the service area(s), the reason for adjustment, and the effective date. Should the Company have a Gas Charge Adjustment filing to become effective the same date as a Refund Adjustment, a separate transmittal letter and PGA tariff sheet shall not be necessary.

**C. Actual Cost Adjustment.**

Commencing with the initial effective date of this Rider, the Company shall calculate the ACA monthly. The Company may, at its option, file monthly to include the ACA in its calculation of the Gas Charge Adjustment but shall be required to do so at least annually. The ACA shall be the difference between (1) revenues billed Customers by means of the Gas Charge Adjustment and (2) the cost of gas invoiced the Company by Suppliers plus margin loss (if allowed by order of the Authority in another docket) as reflected in the Deferred Gas Cost account. The balance of said account shall be adjusted for interest at the rate provided for the calculation of interest with respect to the Refund Adjustment. The ACA shall be segregated into demand and commodity, and shall be added to or deducted from, as appropriate, the respective demand and commodity costs included in the Gas Charge Adjustment. Supplemental sheets showing the calculations of margin losses and cost savings shall also be provided.

**D. Adjustments to Prior Period ACAs.**

In the event that circumstances warrant a correction to or restatement of a prior period ACA, such correction or restatement shall be made in accordance with the ACA calculation in effect for the time period(s) to which the correction or restatement relates. The resulting adjustment shall then be added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Authority.

**E. Annual Filing with the Authority.**

Each year, the Company shall file with the Authority an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the Authority provides written notification to the Company within 180 days, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of this Rider.

**IV. GAS COST ACCOUNTING**

To appropriately match revenues with cost of purchased gas as contemplated under this rule, the Company shall originally record the cost of purchased gas in a "Deferred Gas Cost" account. Monthly the Company shall debit "Natural Gas Purchases" with an amount equal to any gas cost component included in the Company's base tariff rates (base rate) plus the PGA rate, as calculated hereunder, multiplied by the appropriate sales volumes billed to Customers. The corresponding monthly credit entry shall be made to the "Deferred Gas Cost" account.

**CURRENT LEVEL OF APPLICABLE TAXES**

**APPLICABILITY**

This Schedule shall be applicable to all Rate Schedules and to each Customer rendered gas service hereunder except for those Customers qualifying for specific exemption. A copy of the appropriate State approved exemption certificate form shall be filed with the Company in order to qualify for exemption.

**BILLING**

The taxes due under this Schedule shall be included in the monthly bill for service rendered and shall be considered as an integral part of the total monthly bill due.

**APPLICABLE TAXES**

**CITY OF CLEVELAND FRANCHISE TAX**

This Tax shall be billed at the rate of 2% on the Cleveland Division Customers subject to the Tax.

**STATE OF TENNESSEE SALES TAX**

This Tax shall be billed as follows:

*Residential* - Tax Exempt Effective July 1, 1985

*Multi-Family Housing Service* - Billed at rate of 7%.

*Commercial and Industrial* - Billed at rate of 7% unless Customer qualifies for special 1 1/2% rate or total exemption.

**SCHEDULE FOR LIMITING AND CURTAILING GAS SERVICE**

**SUPPLY OR CAPACITY RELATED CURTAILMENTS**

In situations when supply and capacity services contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales services from the Company, the Company will first curtail service to interruptible sales and transportation Customers by priority of their margin contribution to the Company. Customers receiving discounted sales or transportation service will also be curtailed according to the discounted rates. In the event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee.

The Company will curtail interruptible gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a prices that is below current costs.

**EMERGENCY SERVICE**

The Company will make every reasonable effort to deliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production. All emergency gas service is of a discretionary nature and implies no present or future obligation of the Company to any Customer to provide such service on either a temporary or continuing basis. Deliveries of gas hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

**ECONOMIC CURTAILMENT**

Service to interruptible sales service Customers may be curtailed in the event that continuing such service could adversely affect the Customers being served under the Firm Sales Service Rate Schedules as the result of the interruptible PGA being below current costs.

**LIMITING FIRM GAS SERVICE**

Large commercial and industrial firm gas service entitlements shall at all times be limited by contract as to annual, monthly, and daily volumes. Contract amounts as to annual, monthly, and daily volumes are subject to change by Company as supply conditions or Customer consumption patterns warrant. Any quantity of gas exceeding specified contract amounts taken by Customer without Company's advance written approval will be subject to unauthorized over-run penalty as prescribed below.

UNAUTHORIZED OVER-RUN PENALTY

If at any time a Customer exceeds specified contract entitlements or if, during any Curtailment Period, any Affected Customer takes, without Company's advance written approval, a volume of natural gas in excess of the Curtailment Period Quantity Entitlement applicable to such Customer, said volume shall constitute unauthorized over-run volume. Such unauthorized over-run volume taken by such Customer, shall be paid for by the Customer at the greater of the rate of \$30.00 per Dth or \$3.00 per Therm or an amount equal to the actual cost incurred by the Company to include all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Scheduler. The payment of a penalty for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run; nor shall such payment be considered as a substitute for any other remedies available to Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Schedule



## **Performance-Based Ratemaking**

### Applicability

This Performance-Based Ratemaking Mechanism (PBRM) is designed to encourage the utility to maximize its gas purchasing activities at minimum cost consistent with efficient operations and service reliability. Each plan year will begin July 1. The annual provision and filings herein will apply to this annual period. The PBRM will continue until it is either (a) terminated at the end of a plan year or by not less than 90 days notice by the Company to the Authority or (b) modified, amended or terminated by the Authority.

### Overview of Structure

The Performance-Based Ratemaking Mechanism establishes predefined monthly benchmark indexes to which the Company's commodity cost is compared.

### Benchmark Index

Each month, Chattanooga Gas Company (Company / Chattanooga) will compare its actual commodity cost of gas to the appropriate benchmark amount. The benchmark gas cost will be computed by multiplying actual purchase quantities for the month, including quantities purchased for injection into storage, by the appropriate benchmark price index.

#### Spot Market Purchases:

The monthly spot market benchmark is the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines," denoted in the column labeled "Index" and the row for the applicable "Pricing Point."

#### Swing Purchases

For swing purchases, the benchmark "Index" price for gas delivered on any day upon which *Gas Daily* is published, is equal to the Gas Daily-Midpoint price for the immediately following day under the heading "Daily Price Survey." For gas delivered on Saturday, Sunday, or any other day upon which *Gas Daily* is not published, the price index is equal to the Daily-Midpoint for the nearest subsequent day published by *Gas Daily*.

#### Long-term purchases

For long term purchases, i.e., a term more than one month, the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines" denoted in the column labeled "Index" and the row for the applicable "Pricing Point" will be adjusted for the Company's rolling three-year average premium paid to ensure long-term supply availability during peak periods.

#### City Gate Purchases

For city gate purchases where gas is delivered by the supplier to the local distribution company, the indexes will be adjusted for the avoided transportation costs that would have been paid if the upstream capacity were purchased versus the demand charges actually paid to the supplier.

**PERFORMANCE-BASED RATEMAKING (Continued)**

**PRUDENCE DETERMINATION**

If Chattanooga's total commodity gas cost for the plan year does not exceed the total benchmark amount by one percentage point (1%) for a plan year ending after June 30, 2000, Chattanooga's gas cost will be deemed prudent and the audit required by Tennessee Regulatory Authority's Administrative Rule 1220-4-7-. 05 is waived. If during any month of the plan year, the Company's commodity gas cost exceeds the benchmark amount by greater than two percentage points (2%), the Company shall file a report with the Authority fully explaining why the cost exceeded the benchmark.

**FILING WITH THE AUTHORITY**

The Company will file an annual report not later than 60 days following the end of each plan year identifying the actual cost of gas purchased and the applicable index for each month of the plan year.

Unless the Authority provides written notification to the Company within 180 days of such reports, the annual filing shall be deemed in compliance with the provisions of this Service Schedule.

**PERIODIC INDEX REVISIONS**

Because of changes in the natural gas marketplace, the price indices used by Chattanooga, and the composition of Chattanooga's purchased gas portfolio may change. The Company shall, within 30 days of identifying a change to a significant component of the mechanism, provide notice of such change to the Authority. Unless the Authority provides written notice to Chattanooga within 30 days of the Company's notice to the Authority, the price indices shall be deemed approved as proposed by the Company.

**CHATTANOOGA GAS COMPANY**

**2207 OLAN MILLS DRIVE**

**CHATTANOOGA, TENNESSEE 37421**

**TRA NO. 2**

**RULES AND REGULATIONS FOR THE COMPANY'S GAS SERVICE**

**IN  
HAMILTON AND BRADLEY COUNTIES,  
TENNESSEECHATTANOOGA GAS COMPANY**

**SUMMARY OF TPSC NO.2 RULES AND REGULATIONS  
CHANGES**

**EFFECTIVE DATE: MARCH 1, 2004**

**APPLICABILITY**

These rules and regulations are applicable to Customers served by the Chattanooga Gas Company (Company) within the Certificated areas in Bradley and Hamilton Counties.

**DEFINITIONS**

As herein used:

"Applicant"	means any person who has made application to Company for gas service.
Authority	means the Tennessee Regulatory Authority
BTU	means British Thermal Unit measured at a pressure of 14.73 PSIA at 60 degrees Fahrenheit on a dry basis.
Business Day	means any day from Monday through Friday inclusive, excluding any holiday observed by the Company.
Citygate	means a point at which the facilities of an interstate pipeline company interconnect with the facilities of the Company.
Commercial Service	applies to Customers engaged in selling, warehousing, or distributing a commodity, in some business activity or in a profession, or in some other form of economic or social activity (office, stores, clubs, hotels, etc.), and to service which does not directly come in one of the other classifications of service
Company	means Chattanooga Gas Company.
Consumer or Customer	means an individual, firm, or organization who purchases service at one or location under one rate classification contract.
Dekatherm (Dt or Dth)	means 10 Therms or one million Btus (1MMBtus).
Distribution Service	means the delivery of Natural Gas by and through the Intrastate facilities of the Company, regardless of the identity of the party who has title to the Natural Gas.
Distribution System	means the gas pipes owned and operated by the Company for the distribution of gas for delivery to Customers up to but not beyond the point of delivery.
Firm Customer	means a Customer who purchases a Gas Service on a Firm basis.
Firm Service	means a type of Gas Service that ordinarily is not subject to interruption or curtailment.

**DEFINITIONS (Continued)**

Gas or Natural Gas	means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases in a gaseous state, consisting predominantly of methane
Gas Day	means the period of 24 consecutive hours beginning at 10:00 a.m., Standard time
Gas Service	means any service offered in connection with the delivery or sale of Gas
Imbalance	mean the difference at any time, whether positive or negative, between the volumes of Gas received into a Pool by or on behalf of a Customer and the volumes of Gas delivered by the Company on behalf of such Customer
Industrial Service	applies to Customers engaged in a process which creates or changes raw or unfinished materials into another form or product.(Factories, mills, machine shop, mines, oil wells, refineries, pumping plants, creameries, canning or packing plants, shipyards, etc., i.e., in extractive, fabricating or processing activities.)
Interruptible Customer	means a Customer who purchases a Gas Service on an Interruptible basis.
Interruptible Schedule	means each of the Company's Rate Schedules or contracts under which Gas Service is provided on an Interruptible basis.
Interruptible	means a type of Gas Service that is subject to interruption or curtailment
LNG	means Liquefied Natural Gas
Main	means the gas pipe other than Service Line
Month	means the period beginning on the first Day of a calendar month and ending on the beginning of the first Day of the next succeeding calendar month
Person	means any corporation, whether public or private; company; individual; firm; partnership; or association
PGA Rider	means the Company's Purchased Gas Adjustment Rider
PSIA	means pounds per square inch absolute
Residence	means a parcel or tract of land upon which a residence, building, structure, or other facility containing a particular set of gas-consuming appliances is located
Residential Service	applies to Customers supplied for residential purposes on an individual basis in a single family dwelling or building, or in an individual flat or apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons.
SNG or Southern	means Southern Natural Gas Company
Tariff	means all Rate Schedules, Terms of Service, and Rules and Regulations approved by the Authority relative to Gas Service provided by the Company.
Tennessee Pipeline	means Tennessee Gas Pipeline Company
Therm	means 100,000 Btus

**DEFINITIONS (Continued)**

Point of Delivery	means the outgoing side of the meter(s) or regulator(s) installed and maintained by the Company for the purpose of measuring gas delivered to Customer.
Service	means gas service.
Special Contract	means a contract for Service on forms furnished by the Company.
Service Stub	means gas pipe laid from main to Customer's property line.
Service Line	means the gas pipe laid from Customer's line to Point of Delivery.

**APPLICATION FOR SERVICE**

Service will be rendered by the Company upon application by the Customer for service and the acceptance thereof by the Company.

Company will make extensions of its distribution system pursuant to the provisions hereinafter set forth.

**RESIDENTIAL MAIN AND SERVICE EXTENSIONS**

Service lines and distribution mains necessary to furnish permanent service to Applicants for Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. Definitions

- (1) Approach Main - main constructed outside the property boundaries of the development or premises of the Applicant for which gas service is requested.
- (2) Project Main - main constructed within the property boundaries of the development or premises of the Applicant for which gas service is requested.
- (3) Gas Consumption Bulletin - a bulletin showing the estimated annual consumption of various gas appliances by residential Customers as determined from time to time by the Company.
- (4) Infill Potential - the estimated additional gas loads that will be served from the Approach Main at locations outside the development or premises for which gas service is requested.

**RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

- (5) Revenues - Revenues shall be computed for the estimated annual consumption at the current rates excluding gas cost, other rider and tracker revenues and any taxes added to the Customer's bill.

B. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the curb or right-of-way line of a public street, highway, road or alley upon which the residential structure to be served faces and abuts at no cost to the Applicant. Additional facilities will be provided pursuant to the following provisions.

C. Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the investment.
- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of the investment as determined from time to time by the Company. These costs will be discounted at the cost of capital.
- c. The required investment in metering and regulating equipment shall be based on engineering cost estimates as determined by the Company.
- d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal periods of the Company.
- e. Estimated Annual Revenues shall be based upon the usage of the appliance that the Applicant has committed contractually to install as shown in the applicable Gas Consumption Bulletin of the Company in Appendix A of the Rules and Regulations at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.

**RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

- f. To the extent that the extension required investment in Approach Main, Estimated Annual Revenues may also include Revenues associated with Infill Potential, as hereinafter defined, provided, however, that revenues associated with Infill Potential may not exceed fifty percent (50%) of Project Revenues.
- g. "Revenues Associated with Infill Potential" means revenues, adjusted for any additional costs, which, based upon analyses of the Company's extensions for residential service in comparable areas, can be expected within a five year period from the Approach Main in addition to Project Revenues.
- h. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years where natural gas space heating is installed; 10 years where natural gas water heating is installed as the principal gas appliance and 5 years for any other equipment. The Company reserves the right to recognize any conditions that would make the use of a typical economic life factor imprudent.

(2) Order of Application

- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment; service line; Project Main; and Approach Main.
- b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will



**RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main capable, in the opinion of the Company, of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.

- c. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the curb to the first reasonably acceptable meter location as determined by the Company.
- d. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines. Such payment may be made over 36 months provided that the Applicant executes an appropriate finance agreement with the Company. Interest on unpaid balances shall accrue from the date construction is completed at a rate equal to the then existing prime rate (as defined in the Money Rates Section of the Wall Street Journal) plus 3 percent. The interest rate shall be adjusted on the 1st day of April of each succeeding year to the then existing prime rate plus 3 percent.

b. Adjustment of Allowable Investment and Payments

- (i) A survey will be made by the Company within one year after service is commenced to a Customer at a particular residential unit and in any event within three years after the date of completion of the main extension to determine the appliances or equipment in use at the development or premises of the Applicant served by the extension.
- (ii) If, based upon the appliances or equipment found to be in use, there is a lesser allowable investment than that originally granted and a payment is

**RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

required in addition to any prior payment by the Applicant, such additional payment shall be paid by the Applicant.

- (iii) The Company may grant a reasonable extension of time for the Applicant to install the appliances or equipment originally agreed upon, provided that the failure to install such appliances or equipment was due to reasons beyond the control of the Applicant.

c. No Refund of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.

d. One Service Line for a Single Premises

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph C (1) above.

e. Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense.
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer.

D. Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for

**RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to install one or more of such appliances or items, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual appliances and equipment installed and utilized. If the Applicant is a developer or builder, the Applicant will install all the appliances on which the extension was based within three years of completion of the total project or shall pay the Company in accordance with the provisions of subparagraph C (5) (b) above.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services and metering and regulating equipment, and publish the average costs on April 1<sup>st</sup> of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment:

- a. To extend the gas main or connect additional gas mains to any part of it.
- b. To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains.

**RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (C) above, actual costs may be used to determine the required Customer contribution.. If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

E. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

**NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS**

Service lines and distribution mains necessary to furnish permanent service to Applicants for Non-Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the premises of the Applicant. All such main and service facilities will be provided pursuant to the following provisions.

B. Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the Investment.

**NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of such investment as determined from time to time by the Company. These costs will be discounted at the Company's cost of capital.
  - c. The required investment in metering and regulating equipment shall be based upon engineering cost estimates as determined by the Company.
  - d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal period of the Company.
  - e. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years for firm service to apartments, office buildings, churches and schools; and ten years to any other firm service including mobile home parks. For interruptible service the economic life factor shall be five years. The Company reserves the right to adjust the economic life factors to recognize any conditions that would make the use of a typical economic life factor imprudent. The economic life of industrial service shall not be greater than the length of gas service contract in years.
  - f. Estimated Annual Revenues shall be based upon the contractual commitment of the Customer for annual consumption at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.
- (2) Order of Application
- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment; service line; and main.
  - b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

**NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main, capable in the opinion of the Company of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.
- b. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the Company's main to the first reasonable acceptable meter location as determined by the Company.
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule. Further, the Company may require Applicant to provide both power and phone lines to the location of such metering facilities.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines.

**NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

- b. Adjustment of Allowable Investment and Payments
  - (i) Within one year after service is commenced to a Customer, the Company will determine if the annual usage determined in accordance with Section B (I)(e) above has been met.
  - (ii) If, based upon the above determination, there is a lesser allowable investment than that originally granted, and a payment is required in addition to the prior payment by the Applicant, if any, such additional shall be paid by the Applicant.
  - (iii) The Company may grant a reasonable extension of time for the Applicant to raise annual consumption to the level agreed upon, provided that the failure to reach that level of consumption was due to reasons beyond the control of the Applicant.
- c. No Refunds of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.
- d. One Service Line for a Single Premise

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph B (1) above.
- e. Relocation of Service
  - (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense.
  - (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer.

**NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

C. Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to consume sufficient gas to produce the Estimated Annual Revenues, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's non-residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual equipment installed and utilized.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services, and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment:



**NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)**

- a. To extend the gas main or connect additional gas mains to any part of it.
- b. To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains.

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (B) above, actual costs may be used to determine the required Customer contribution.. If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

D. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

**SERVICE LINE**

Service lines from the main to the meter will be laid by the Company, and will at all times remain subject to the control of the Company. It is not contemplated that in running service lines the Company will put risers in buildings when meters are set above the first floor, in cases of this kind the Company will run the service line to the ground floor or to the basement, but all expenses through and beyond the first floor foundation wall shall be borne by the Customer. Service lines will be kept in repair by the Company at its own expense; but any alterations made necessary, such as changing of location, may be done at the Customer's expense. The Company does not in any case hold itself responsible for a stoppage, from frost or other cause, of the service lines or house lines. The Company will employ all reasonable means of clearing the lines to the meter, when stopped from any cause. All lines beyond or leading from the meter must be cleared at the Customer's expense.

### APPARATUS-EASEMENTS

Customer's Lines: All house lines and equipment except the Company's meters and accessories on the Customer's side of the point of delivery, necessary to utilize service furnished by the Company, must be installed and maintained by and at the expense of the Customer. The Customer's lines shall terminate at the point of delivery, in a manner satisfactory to the Company, for connection with the Company's lines or apparatus.

Company Property: All service lines, apparatus, instruments, meters and materials supplied at the expense of the Company shall remain its property, and any other property installed at the expense of the Company, shall belong to the Company.

Inspection by Company: The Company is willing to assist the Customer by advice as to the installation of the Customer's apparatus and to examine the Customer's installation, and may refuse to make connection or to commence or continue service whenever such installation is not in proper condition; but no inspection by the Company, nor any failure by it to object to the Customer's installation, shall render the Company in any way liable for any damage or injury resulting from any defective installation made by the Customer.

Right of Way: The Customer shall make or procure satisfactory conveyance to the Company of right of way for the Company's lines and apparatus across and upon the property owned and controlled by the Customer, necessary or incidental to the furnishing of service.

Installation: For the purpose of determining the amount of gas used, a meter or meters shall be installed and maintained by the Company upon the Customer's premises; and, except as to outside locations heretofore or hereafter approved by the Company, the Customer shall provide free of expense to the Company, near the service entrance, a clean, dry, safe place for the meter and any necessary appurtenant device, which may be furnished by the Company. Where several buildings are supplied on one property, a centralized meter location may be required.

Notice to Discontinue: Notice by Customer to discontinue the supply of gas must be given the Company at least 24 hours in advance. The Customer will be held responsible for all gas consumed until such notice is given, including a reasonable time for securing the final reading of the meter.

### TESTS AND ADJUSTMENTS

The Company, at any time upon the request of the Customers, will test the meter of such Customer within five days after receipt of such request, provided the Customer will accept the result of such test as a basis for the settlement of the Customer's account. If any such test shall show the average error of the meter to be less than 2%, the Customer shall pay the expense of the test; except that where the meter has not been tested at the request of the Customer within five (5) year period immediately preceding such request, the test will be made without charge to the Customer. The Company may at any time at its own expense test any of its meters. If on test of a Customer's meter, either by the Company or

**TESTS AND ADJUSTMENTS (Continued)**

by the Authority, such meter shall be found to have a percentage of error greater than 2%, the following provisions for the adjustment of bill shall be observed.

Fast Meters: When a meter is found to be fast in excess of 2%, the Company shall refund to the Customer an amount equal to the excess charged for the gas incorrectly metered. The period over which the correction is to be made shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months. No part of the minimum service charge shall be refunded.

Slow Meters: When a meter is found to be slow in excess of 2%, the Company may make a charge to the Customer for the gas incorrectly metered. The period over which the correction is to be computed shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months.

Failure to Register: If a meter is found not to register for any period, the Company will estimate and charge for the gas used by averaging the amounts registered over similar periods and under similar conditions preceding or subsequent thereto, or over corresponding periods in previous years.

Company's Rights: The properly authorized employees of the Company shall at all times have the right of access to the premises into which gas has been introduced, for the purpose of examining the general service or to read, inspect, test, repair, replace or remove its meter or other equipment, or for such other purposes as may be necessary for the protection of the Company. In case of any willful, intentional, or unnecessary injury to or interference with the meter or any connection made to the house lines or services, the meter at the option of the Company may be removed, the service line cut off, and service discontinued.

**CUSTOMER SECURITY DEPOSITS**

Prior to rendering service, deposits will be required from those residential Customers whose credit history dictates that a deposit is needed. All other residential Customers will not be required to provide a deposit.

Prior to rendering service, payment security will be required of all commercial and industrial Customers. Commercial and industrial Customers shall be given the option of either providing an adequate Cash Deposit, Letter of Credit, Indemnity Bond or a Letter of Guarantee from a financially acceptable parent company.

Any deposit which is required to be provided by a Customer shall only be refunded upon the Customer's discontinuation of his service.

The Company may require a deposit not more in amount than the maximum charge for two (2) consecutive billing periods.

**CUSTOMER SECURITY DEPOSITS (Continued)**

Interest shall accrue at the rate of 6% Per Annum. No interest shall accrue on deposits after service has been discontinued.

**BILLS, PAYMENTS, NON-PAYMENTS**

Payment of bills for service rendered must be received by the due date as stated on the Customer's bill which shall be approximately twenty-one (21) days from the date billed for cycle billed Customers and sixteen (16) days from the date billed for end-of-month Multi-Family Housing Service and Large Volume Commercial and Industrial Customers. The current month's bill for gas service shall be subject to a 5% late payment charge if payment is not received timely.

If the Customer shall fail to pay bill after it has become delinquent, the Company may, seven (7) days after notice to the Customer, discontinue service and apply any deposit made by the Customer in liquidation of such bill. Whenever the Company has issued a service suspension notice to a Customer for non-payment of a gas bill, the Company may make a charge of \$50.00 for the re-connection of service, and will require a deposit.

Gas Service may be terminated:

(1) By the Customer:

Unless otherwise provided, gas service may be terminated at any time by giving notice to Company; provided, however, anything contained in the provisions of the Company's TPSC Gas Tariff No. 1, and/or any Agreement for Sale of Gas or Special Contract to the contrary notwithstanding, a non-residential Customer shall have the right and privilege which he may exercise any time by giving written notice to Company to terminate gas service if such Customer shall have discontinued his operations and dismantled his plant, and such cancellation shall relieve Customer from the obligation to pay such minimum charge, if any, which might have become payable had such gas service not been terminated.

(2) By the Company:

Service may be refused or discontinued for any of the reasons listed below. Unless otherwise stated, the Company shall comply with the notice requirements before service is discontinued. However, no service shall be discontinued on the day or a date preceding a day or days on which the services of the Company are not available to the general public for the purpose of reconnecting the discontinued service, except as provided in (a), (b), (c) and (d) below:

- a. Without notice in the event of a condition determined by the Company to be hazardous.
- b. Without notice in the event of Customer use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

**BILLS, PAYMENTS, NON-PAYMENTS (Continued)**

- c. Without notice if there is evidence of tampering with the equipment furnished and owned by the Company
- d. Without notice if there is evidence of unauthorized use.
- e. For violation of and/or non-compliance with the Company's rules on file with and approved by the Authority.
- f. (For failure of the Customer to fulfill his contractual obligations for service and/or facilities subject to regulations by the Authority.
- g. For failure of the Customer to permit the Company reasonable access to its equipment.
- h. For non-payment of delinquent account.
- i. For failure of the Customer to provide the Company with deposit as authorized by Rule 1200-4-5.14.

Gas service to any gas Customer may not be terminated by the Company without reasonable prior notice where required and the Customer being given reasonable opportunity to dispute the reasons for such termination.

- (3) It shall be unlawful for any person to obtain or attempt to obtain by use of any fraudulent scheme, device, means or method gas service, with intent to avoid payment of the lawful price, charge or toll therefor, or for any person to cause another to avoid such payment for such service, or for any person to assist another in avoiding payment for gas service, either through the making of multiple applications for service at one address, or otherwise.
- (4) Termination of gas service by either Customer or Company shall not relieve Customer from the obligation to pay Company for services rendered prior to the effective date of such termination.

**MISCELLANEOUS REGULATIONS**

The Customer Agrees:

1. To be responsible for all damages to, or loss of, the Company's property located upon his premises, unless occasioned by fire or by the Company's negligence.
2. To use gas supplied through Company's meter only; and if such meter is found defective by the Company, the Company may repair or replace same.
3. It is understood that the Company shall be under no duty to inspect, repair or maintain the service of other lines, connections, equipment or appliances located on the premises of the Customer.
4. Company shall have the right to terminate gas service after reasonable notice has been given for any Customer who may be in arrears for a period of seventeen (17) days or longer in paying for gas furnished and/or used by Customer at Customer's present or subsequent address, it being understood hereby that said seventeen (17) day period commences on date the bill as above defined was rendered.
5. There is a charge for seasonal turn-ons and heating light-up service of \$50.00.
6. Customers may elect seasonal suspension of service instead of seasonal disconnection. If a Customer elects seasonal suspension, the account will remain active and the meter will continue to be read. No bill will be issued until the monthly consumption exceeds 3 Therms per month. The first month that the consumption exceeds 3 Therms the seasonal suspension will be terminated and the Customer will be billed the Monthly Customer Charge for that month, the gas consumed during that month, and the gas consumed during for each month during the seasonal suspension period. The Customer will not be billed the seasonal turn-on and heating light-up service charge.
7. There is a \$50.00 charge for reconnection of service where service has been suspended for non-payment of a gas bill.
8. Service Establishment Charges
  - A. For establishing an account for gas service to a Customer at a particular premises:
    - (i) where there is an existing meter set at such premises installed to serve an occupant of the premises.....\$15.00
    - (ii) when there is no existing meter set at such premises, or where an existing meter set at such premises has been used only for temporary service to a builder, contractor or developer prior to occupancy of the premises.....\$25.00

**MISCELLANEOUS REGULATIONS (Continued)**

- B. The above charges do not apply to restorations of service subject to paragraph (5) or (7) above, nor to temporary service to a builder, contractor or developer prior to occupancy of the premises, nor to a rental unit subject to a contract with the landlord providing that gas service shall continue during periods when the unit is not occupied by a tenant and that the landlord shall be responsible for the payment of bills for gas service until an account is established in the name of a new tenant.
9. As a convenience to the Customer, the Company may at the Customer's option, receive payment through a third party service provider that processes payment by telephone. The third party service provider may collect directly from the Customer a separate charge for processing the payment
10. If the Customer requests service as stated in (5), (7), and (8) above at times other than the regular office hours of the Company the above stated service charges shall be at one and one-half (1 1/2) times the above stated regular rate.
11. There is a \$20.00 service charge for Customer checks returned to the Company by the banks because of "Insufficient Funds".
12. Notwithstanding any other provisions of these rules, the Company shall postpone the physical termination of gas service to a residential Customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of the service will aggravate an existing medical emergency of the Customer or other permanent resident of the premises where service is rendered. During the thirty (30) day extension the Customer or other permanent resident of the premises where service is rendered shall be referred to social service agencies for investigation, confirmation of need and guarantee of payment. The Company shall supply Customers with names of agencies providing assistance.
13. All Customers shall be provided with the option of a Third Party Notification Service and shall be notified annually by the Company of its availability. The Third Party Notification Service will provide any Customer with the opportunity to designate a Third Party who will receive a duplicate of any termination notice.
14. Company shall increase the present level of Contributions-In-Aid-of-Construction and Customer Advances-for-Construction by 33% to implement the effect of the Tax Reform Act of 1986.
15. Company shall have the right to make other or additional rules and regulations at any time, and the furnishing of gas hereunder shall not constitute a waiver of any prior or present claim or right held by Company against Customer.

POLICY ON SERVICE CHARGES

The general types of service which the Company shall provide on a charge or no-charge basis are listed below but are not necessarily limited to the following:

I. CHARGE SERVICE

1. Cleaning of gas lights and gas grills
2. Replacement of air filters furnished by Customer
3. Disconnecting and reconnecting ranges
4. Pumping and pressurizing air conditioners
5. Cleaning pilots and/or burners
6. Seasonal turn-ons and heating light-up service
7. All service orders where parts are installed
8. Replacement of mantles and glass for gas lights
9. Sending collector to Customer's premises to collect past due gas bill to avoid turn-off of service for non-payment
9. Reconnection of service where service has been suspended for non-payment of a gas bill
10. Service Establishment Charges

II. NO CHARGE SERVICE

1. Meter Orders
  - a. Remove
  - b. Change (does not include relocation of meters at Customer's request)
  - c. Turn-off
2. Safety Inspections (new Customer and/or new equipment)
3. Leak Investigation
4. High-bill Investigations
5. Confirmation of meter reads
6. Gas-air adjustments (where no cleaning is required)
7. Any trouble call resulting from low pressure caused by Company's distribution system
8. Relighting appliances after interruption of gas due to Company convenience (construction, etc.)