



Chattanooga Gas Company

2207 Olan Mills Drive
Chattanooga, TN 37421
1-880-427-5463

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T.R.A. DOCKET ROOM

May 3, 2004

Chairman Deborah Taylor Tate
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

**Re: Chattanooga Gas Company
Responses to TRA Staff's Data Requests
Docket No. 04-00034 – Petition of Chattanooga Gas Company for Approval
of Adjustment of its Rates and Charges and Revised Tariff**

Dear Chairman Tate,

Enclosed please find an original and 13 copies of Chattanooga Gas Company's Attachment 86-3. The attachment was filed as part of the Company's response to data request number 114 issued by the TRA Staff, which requested additional clarification and explanation for the Company's response to data request number 86. However, pages 1 and 2 were inadvertently excluded from the initial filing.

If there are any additional questions, I can be reached at 404-584-4263.

Sincerely,

Michael J. Morley
AGL Resources
Rates & Regulatory

[illegible]

DESCRIPTION	FAS 109							FAS 109						
	Unadjusted Balance	Prior Year Corrections	Accrual	Accrual	Accrual	True Up 1998 return	Accrual	Unadjusted Balance	Accrual	Accrual	True Up 1999 return	Prior Year Corrections	Accrual	Accrual
Temporary Differences	09 30 1999	12 31 1999	12 31 1999	03 31 2000	06 30 2000	06 30 2000	09 30 2000	09 30 2000	12 31 2000	03 31 2001	05 31 2001	05 31 2001	06 30 2001	09 30 2001
Non Property														
State Deferred Tax Balance per C/L									250 528	(53,260)			(114,789)	(8,771)
279150 (Property)														
279250 (Non Property)									219 218	(88,426)			(119,379)	(25,835)
Difference														
Property									(31 310)	(35,165)			(4,590)	(17 063)
Non Property									31 310	35,166			4,590	17 064
Total Difference									(1)	1			(0)	1
Total Timing Differences Federal														
Property	(22 612,676)	-	(376,288)	(456,501)	(757 446)	(1 724 640)	(1 864 699)	(27 792,250)	(521 839)	(586 081)	1,777 775	1,777 775	(76,504)	(284 387)
Non Property	3 638,641	-	1 687 734	3,347,315	(5 151,222)	7,263	(3 461,564)	68,167	4 175 460	(887 670)	(1 894 869)	(1 894 869)	(1 913 151)	(146,186)
less State Deferred Tax Balance									(31 310)	(35 165)	-	-	(4,590)	(17 063)
Property									250 528	(53,260)			(114,789)	(8,771)
Non-Property														
Net Timing Differences														
Property	(22 612,676)	-	(376,288)	(456,501)	(757 446)	(1 724 640)	(1 864 699)	(27 792,250)	(490 529)	(550 916)	1 777 775	1 777 775	(71,914)	(267 324)
Non Property	3 638 641	-	1 687 734	3 347 315	(5 151 222)	7 263	(3 461 564)	68 167	3 924 932	(834 410)	(1 894 869)	(1 894 869)	(1 798,362)	(137 415)
Federal Tax Rate	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%	35 000000%
Federal Deferred Tax Balance	(7 914,437)	-	(131,701)	(159,775)	(265 106)	(603 624)	(652 645)	(9 727,288)	(171 685)	(192 821)	622 221	622 221	(25,170)	(93 563)
Property	1 273 524	-	590 707	1,171,560	(1 802 928)	2 542	(1,211,347)	23 858	1 373 726	(292 043)	(663 204)	(663 204)	(629,427)	(48 095)
Non Property	1 708,624		(15 821)	(15 821)	(15 821)		(15 821)	1 645 342	(15 821)	(15 821)			(15 821)	(15 821)
Total Calculated Deferreds	(6,205 813)					(603 624)	(668 465)	(8 081,546)	(187 506)	(208 641)	622 221		(40 990)	(109 385)
Property	(6,205 813)					(603 624)	(668 465)	(8 081,546)						
Non Property	1 273 524					2 542	(1,211,347)	23 858	1 373 726	(292 043)	(663 204)	(663 204)	(629,427)	(48 095)
Federal Deferred Tax Balance per C/L	279100													
279200	(4,896 752)													
Property	1 456 908	(1 492 445)				2 542	(1 195 889)	(6,839 744)						
Difference														
Property	(15,099,061)		33,970	9,778	7 452	(603 624)	(684 124)	(9,703 429)	(1)	1	622 221	-	(0)	1
Non Property	(183 384)	1,492 445	(33 969)	(9 778)	(7 453)	0	(15 658)	1,242 202	0	(0)	(622 221)	(395)	0	(0)
Total Difference	(1 492 445)	1,492 445	1	0	(0)	0	0	1,645 342	(0)	0	0	(395)	0	1
Combined Calculated Deferred Provision for Regulatory Liability	(6,640,912)	-	459,006	1,011 785	(2 068,034)	(601 082)	(1 864 192)	(9,703 429)	1 421 259	(573 289)	(40 983)		(773,976)	(167 493)
Property	1 708 624							1,645 342						
Non Property														
Total Difference														
Combined Calculated Deferred Combined Deferred from G/L (incl Reg Liab)	(4,932,288)	-	443 186	995,964	(2,083,854)	(601 082)	(1 880 013)	(8,058,086)	1 405 438	(589 110)	(40 983)	733	(789,796)	(183,313)
Property	(3,439 844)							8,058 086	1 405 439	(589 111)	(40 983)	-	(789,796)	(183 315)
Non Property														
Total Difference	(1 492 445)	1,492 445	1	0	(0)	0	0		(1)	1	0	733	(0)	2

	DESCRIPTION	FAS 109		FAS 109		FAS 109		FAS 109		FAS 109		FAS 109		FAS 109		FAS 109		FAS 109		FAS 109	
		Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual	Unadjusted Balance	Accrual
Temporary Differences Non-Property	NSP																				
	Bad Debt Reserve	(5,873)	548	(364,730)	-	(9,226)	65,013	(5,135)	334,629	(75,747)	227,621	(75,747)	(288,888)	48,151	(5,135)	334,629	(75,747)	227,621	(75,747)	(288,888)	48,151
	Restricted Stock	(108,635)	-	(320,644)	-	14,924	(1,176,391)	(1,516,563)	(182,250)	(182,250)	-	-	-	-	(16,106)	(182,250)	(182,250)	-	-	-	(16,106)
	Medical Benefits - Retirees	42,412	-	-	(397,766)	-	(535,736)	(18,804)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sales Promotion Accrual	1,810,137	(200,368)	200,368	(1,736,338)	(2,303,441)	(2,219)	(2,303,441)	-	(12,316)	9,188	144,272	(2,123,315)	(7,210)	(448,180)	10,338	248,547	(1,001,183)	(450,000)	142,647	(450,000)
	Taxes - Ad Valorem	37,433	(39,833)	39,833	2,219	(2,219)	(55,435)	(2,219)	-	160,657	144,272	-	-	-	-	-	-	-	-	-	-
	Accrued Vacation	4,039,779	(200,368)	200,368	(1,736,338)	(2,303,441)	(2,219)	(2,303,441)	-	(12,316)	9,188	144,272	(2,123,315)	(7,210)	(448,180)	10,338	248,547	(1,001,183)	(450,000)	142,647	(450,000)
	Pension SERP	37,433	(39,833)	39,833	2,219	(2,219)	(55,435)	(2,219)	-	160,657	144,272	-	-	-	-	-	-	-	-	-	-
	Taxes - Miscellaneous	359,415	(39,833)	39,833	2,219	(2,219)	(55,435)	(2,219)	-	160,657	144,272	-	-	-	-	-	-	-	-	-	-
	Miscellaneous	1,457,765	(39,833)	39,833	2,219	(2,219)	(55,435)	(2,219)	-	160,657	144,272	-	-	-	-	-	-	-	-	-	-
	Miscellaneous Accrued Liabilities	4,067	(39,833)	39,833	2,219	(2,219)	(55,435)	(2,219)	-	160,657	144,272	-	-	-	-	-	-	-	-	-	-
	Deferred Comp	(4,067)	(39,833)	39,833	2,219	(2,219)	(55,435)	(2,219)	-	160,657	144,272	-	-	-	-	-	-	-	-	-	-
	Over/Under - Collections - PGA	(6,047,535)	(4,707,414)	4,707,414	902,685	(176,020)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Over/Under - Collections - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	LNG Maintenance Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Postretirement Benefits	36,482	18,876	(31,406)	783,150	1,015,841	(5,249)	-	(22,475)	(83,447)	(103,848)	227,621	(75,348)	48,084	(1,331,766)	1,331,766	1,331,766	1,331,766	1,331,766	1,331,766	1,331,766
	UNICAP	(675,672)	50,753	(148,725)	-	-	(23,308)	-	(273,584)	(401,491)	(26,440)	-	-	1,238,378	(52,867)	(1,686,411)	1,686,411	1,686,411	1,686,411	1,686,411	1,686,411
Accrued Se rvances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Deferred Debts	5,249	7,874	(7,874)	-	(5,249)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
State Income Tax	-	-	-	23,308	(17,062)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total - Temporary Differences	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
Property																					
CIAC & Customer Advances	(660,487)	(1,348,619)	(87,734)	(963,893)	(925,519)	(777,416)	(342,842)	(389,943)	(21,298)	(342,842)	(389,943)	223,209	(837,691)	(1,078,161)	32,328	2,665,514	(3,353,836)	(3,353,836)	(3,353,836)	(3,353,836)	
Total Federal Property	(611,315)	(1,314,697)	(23,348)	(963,893)	(1,114,947)	(953,767)	(1,040,466)	(2,337,982)	(176,516)	(32,347,919)	(327,429)	(375,586)	201,911	(805,363)	(1,055,936)	(24,710,322)	(2,665,514)	(3,353,836)	(3,353,836)	(3,353,836)	
Total Federal Deferrets	1,381,910	(6,184,261)	4,192,435	(1,455,929)	(2,850,776)	(1,197,414)	(1,139,920)	(1,139,920)	(33,332,647)	(511,647)	(610,411)	(1,693,783)	3,676,497	(751,220)	-	(33,332,211)	(33,332,211)	(33,332,211)	(33,332,211)	(33,332,211)	
less: Property - Federal plus Property State	660,487	1,348,619	87,734	963,893	925,519	777,416	342,842	389,943	21,298	342,842	389,943	223,209	837,691	1,078,161	32,328	2,665,514	(3,353,836)	(3,353,836)	(3,353,836)	(3,353,836)	
Total State Deferrets	(660,487)	(660,487)	(62,135)	(963,893)	(925,519)	(269,721)	-	-	-	(14,107,587)	(14,107,587)	(107,849)	(375,814)	(443,193)	(35,768,043)	(35,768,043)	(35,768,043)	(35,768,043)	(35,768,043)	(35,768,043)	
Total Timing Differences State	1,381,910	(6,184,261)	4,218,034	(1,455,929)	(2,850,776)	(1,152,394)	(672,223)	(34,754,333)	(315,459)	(607,416)	(1,780,334)	6,138,374	(116,252)	(31,635,420)	(31,635,420)	(31,635,420)	(31,635,420)	(31,635,420)	(31,635,420)	(31,635,420)	
Property																					
Non-Property	(611,315)	(1,314,697)	2,251	(963,893)	(492,046)	42,853	(1,040,466)	45,020	(331,241)	(372,591)	115,560	(343,486)	(420,968)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	
less: Timing Differences Not Previously Included in State Deferrets	1,993,225	(4,869,564)	4,215,783	(492,046)	(1,810,310)	(1,197,414)	(26,014,475)	(1,845,506)	(184,218)	(234,825)	(1,895,694)	6,481,860	304,716	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	
Property																					
Non-Property	(26,014,475)	(1,845,506)	-	(17,062)	-	-	(26,014,475)	(1,845,506)	-	-	-	-	-	(26,014,475)	(1,845,506)	(26,014,475)	(1,845,506)	(26,014,475)	(1,845,506)	(26,014,475)	
Adjusted Timing Differences																					
Property	(611,315)	(1,314,697)	2,251	(963,893)	(492,046)	42,853	(1,040,466)	45,020	(331,241)	(372,591)	115,560	(343,486)	(420,968)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	(33,122,531)	
Non-Property	1,993,225	(4,869,564)	4,215,783	(492,046)	(1,810,310)	(1,197,414)	(26,014,475)	(1,845,506)	(184,218)	(234,825)	(1,895,694)	6,481,860	304,716	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	(1,487,111)	
State Tax Rate	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	6,000,000%	
State Deferred Tax Balance																					
Property	(36,679)	(78,882)	135	(57,834)	(62,428)	2,701	(26,764)	(345,308)	(21,531)	(24,218)	6,922	(28,199)	(22,327)	(27,363)	(462,074)	216,620	27,260	(462,074)	216,620	27,260	
Non-Property	119,594	(292,174)	252,947	(28,499)	(71,845)	(13,569)	(88,353)	(88,353)	(11,974)	(15,264)	(113,742)	(15,175)	421,321	19,807	14,669	15,175	27,260	(462,074)	216,620	27,260	
Regulatory Asset/Liability																					
Non-Property																					
Property																					
Total Calculated Deferrets	(36,679)	(78,882)	135	(57,834)	(62,428)	2,701	(26,764)	(345,308)	(21,531)	(24,218)	6,922	(28,199)	(22,327)	(27,363)	(462,074)	216,620	27,260	(462,074)	216,620	27,260	

[illegible]

DESCRIPTION	1999 Tax Return 12 31 2003	2000 Tax Return 12 31 2003	2001 Tax Return 12 31 2003	2002 Tax Return 12 31 2003
Temporary Differences				
Non Property				
	NSP			
	1			
	Bad Debt Reserve	2,232 DA	-	(9,226) BA
	1	(107,856) DB	519,224 CA	(5,873) BB
	1			(299,169)
	Restored Stock			
	1			
	Pension	(229,295) DC	(370,867) CB	(93,711) BC
	1	161,932 DD	70,944 CC	(493,324) BD
	1	(7,200) DE		
	Medical Benefits - Retirees			(427,525)
	1			
	Sales Promotion Accrual	(420,935) DF	(266,211) CD	(493,304) BE
	1			
	Taxes - Ad Valorem		2,219 CE	
	1			
	Accrued Vacation	500,000 DG	(140,584) CF	(55,435) BF
	1	(35,754) DH	(52,243) CG	287,711 BG
	1			(55,434)
	Pension SERP			308,554
	1			
	Taxes Miscellaneous			
	1			
	Miscellaneous Accrued Liabilities			
	1			
	Deferred Comp			
	1			
	Over/Under Collections PGA	(2,688,577) DI	203,376 CH	
	1			(2,123,315)
	Over/Under Collections Other			
	1	97,412 DJ	89,293 CI	
	1	(313,417) DK	(94,284) CJ	18,876
	1			(3,128)
	LNG Maintenance Reserve	(34,494) DL	(13,856) CK	
	1	(2,328,326) DM	783,150 CL	(194,488)
	1	(68,328) DN		
	1			
	Accrued Severance			
	1			
	Other Deferred Debts			
	1			
	Accrued Relocation		23,308 CM	(23,308) BJ
	1		(17,062) CN	17,062 BK
	1			
	State Income Tax			
	1			
	Total - Temporary Differences	(5,412,606)	736,407	182,915
	(1)			(2,775,628)
Property				
	Property - Federal	(1,868,184) DO	(2,526,800) CO	(1,586,006) BL
	1			
	CIMC & Customer Advances	191,025 DP	94,096 CP	(65,775) BM
	1			
	Total Federal Property	(1,677,159)	(2,432,704)	(1,651,781)
	1			
	Total Federal Deferrals	(7,149,765)	(1,696,297)	(1,468,866)
	1			
	less Property - Federal	1,868,184	2,526,800	1,586,006
	1	(1,868,184)	(2,526,800)	(1,586,006)
	1			
	Total State Deferrals	(7,149,765)	(1,696,297)	(1,468,866)
	1			

DESCRIPTION	1999 Tax	2000 Tax	2001 Tax	2002 Tax
	Return 12 31 2003	Return 12 31 2003	Return 12 31 2003	Return 12 31 2003
Temporary Differences				
Non-Property		12 31 2003	12 31 2003	12 31 2003
State Deferred Tax Balance per G/L		45 208	9 951	(166 538)
279150 (Property)		(57 834)	(62 428)	(19 706)
279250 (Non Property)		(42 921)	(26 727)	(245 420)
Difference		(88 129)	(36 679)	(78 883)
Property		88 129	36 679	78 882
Non-Property		1	(0)	(1)
Total Difference				
Total Timing Differences Federal				
Property	(1 677 159)	(2,412 704)	(1 651 781)	(2 089,901)
Non-Property	(5 472 606)	736,407	182 915	(2 775 628)
less State Deferred Tax Balance		(145 962)	(99 107)	(98 589)
Property		45 208	9 951	(166,538)
Non Property				
Net Timing Differences				
Property	(1 677 159)	(2,286 742)	(1 552 674)	(1 991,312)
Non-Property	(5 472,606)	691,199	172 964	(2,609 091)
Federal Tax Rate	35 000000%	35 000000%	35 000000%	35 000000%
Federal Deferred Tax Balance				
Property	(587 006)	(800 360)	(543 436)	(696 959)
Non-Property	(1 915 412)	241 920	60 537	(913 182)
Regulatory Asset/Liability				
Property	(63 282)	(63 282)	(15 821)	(63,282)
Non Property				
Total Calculated Deferrals	(650 288)	(863 642)	(559 257)	(760 241)
Property				
Non-Property	(1 915 412)	241 920	60 537	(913 182)
Federal Deferred Tax Balance per G/L				
279100	(1 339,368)	(863,643)	(559 257)	(763,887)
279200	(1,226,333)	241 920	60 537	(909 537)
Difference				
Property	689,080	1	0	3 646
Non-Property	(689,079)	(0)	0	(3 645)
Total Difference	1	1	0	1
Combined Calculated Deferred Provision for Regulatory Liability	(2,502 418)	(659 194)	(572,054)	(1,875 268)
	(63,282)	(63,282)	(15,821)	(63 282)
Total Calculated Deferred Combined Deferred from G/L (incl Reg Liab)	(2,565,700)	(722 476)	(587 875)	(1,938 550)
	(2 565,701)	(722,478)	(587 875)	(1,938,550)
Difference	1	2	(0)	0