



Chattanooga Gas Company

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

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T.R.A. DOCKET ROOM

May 5, 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 responses to the following data requests issued by the TRA Staff:

Econ #1 Data Request dated March 19, 2004 – 2 and 9

Eighth Set of Data Requests dated April 15, 2004 – 112 (supplemental response), 113 and 119

Eleventh Set of Data Requests Dated April 22, 2004 – 131 and 136

The Company is currently gathering and compiling information for the remaining data requests and expects to file its responses May 10, 2004.

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

Sincerely,

Michael J. Morley
AGL Resources
Rates & Regulatory

Data Request No. 112

Refer to TRA MFR #66 and CGC Schedule 66-3 titled "2005 CGC Capital Forecast of Special Additions." Provide a detailed description of the nature and purpose of each project classified as "Other" that totals to \$2,842,000. What is the total cost for each of these projects? Also, have these individual projects been approved by the Company's Board of Directors at these amounts?

Supplemental Response:

The initial response provided by CGC did not include the **total** cost of each project described below. For the Met-fit machine and the plastic cutters, the total estimated cost for each project is \$1,000. For the WMS project, the total portion of CGC's cost is estimated to be \$528,000. The total estimated costs for the refrigerant turbine is estimated to be \$4 million - \$400k incurred in 2003, \$850k budgeted in 2004 and \$2,750 million forecasted in 2005.

The following projects have not been presented or approved by the Board of Directors.

- The **Met-Fit machine** is a replacement for CGC's current Met-Fit main repair machine. The total cost estimated January – June 2005 is \$1,000.
- The **8" Plastic Cutters** are replacement tools for repairs of mains. The total cost estimated January – June 2005 is \$1,000.

Work Management System (WMS) Project

The WMS project is to develop an integrated asset and resource management solution to optimize financial and operational performance of the entire asset life cycle. This project will be across AGL Resources Inc.'s three utilities – CGC, Atlanta Gas Light Company and Virginia Natural Gas. The project is currently in the assessment phase to develop a business case and determine the benefits of the project. The project is scheduled to begin in 2004. The CGC portion of the project is estimated to be \$90,000 for January – June 2005 and has not been presented or approved by the Board of Directors..

Refrigerant Turbine

The existing refrigerant turbine is thirty years old and is obsolete. Risk of this turbine being inoperable would mean the inability to fill the tank for peaking needs. The new unit will also emit lower nitrogen oxide emissions and provide better fuel efficiency. The forecast for the project is \$2.75M for January – June 2005.

The Board of Directors of AGL Resources Inc. reviews and approves capital budgets on an AGL Resources consolidated level. The capital budget for 2004 has been approved by the Board of Directors. The refrigerant turbine project included in the 2005 Capital Forecast for Chattanooga Gas Company (CGC) begins in 2004 and continues into 2005. While the 2005 expenditures have not been presented and approved by the Board of Directors, the project has

Chattanooga Gas Company

Docket Number 04-00034

TRA Staff -8

Data Request No. 112

April 21, 2004

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been approved by the CEO of AGL Resources Inc. Additionally, since the 2004 capital expenditures for the refrigerant turbine project have been approved by the Board of Directors, it is reasonable to assume that the project will continue until completion and that the expenditures for 2005 will also be approved by the Board of Directors.

Data Request No. 113

Refer to MFR #69 and CGC Schedule 69-1-(b) titled "Rate Base – Construction Work in Progress." Explain why the amounts in CWIP have escalated materially from the level at October 2001. Also explain the Company's process for closing CWIP to Plant in Service.

Response:

There are two primary reasons for the increase in CGC's CWIP from October 2001 – December 2003.

1. In May 2002, a re-organization of the construction operations function of CGC and Atlanta Gas Light Company (AGLC) was implemented. This re-organization transferred most of the construction operations functions from the individual service centers at CGC and AGLC to AGL Services Company. One of the responsibilities transferred was the close out of CWIP to plant in service. During the transition process, the close out process for some capital projects was delayed.

During the last quarter of 2002 and early 2003, AGL Services Company construction operations and plant accounting personnel began an effort to close completed projects and implement a review process to insure that projects were closed out in a timely manner. From the period January – November 2002, projects closed to plant in service was approximately \$1.1 million. During this same time period, CGC incurred approximately \$5.4 million in capital costs, resulting in an increase in CGC's CWIP balance of approximately \$4.3 million by November 2002.

The project close out process has improved since November of 2002. For the period December 2002 – December 2003, projects closed to plant in service was approximately \$4.9 million. During the same period CGC incurred approximately \$6.4 million in capital costs, resulting in an increase in CGC's CWIP of approximately \$1.5 million.

2. The close out of capital projects improved subsequent to November 2002. However, the nature of some capital projects undertaken by CGC has become more long-term in nature. Additionally, there were large, "special projects" related to the LNG facility that began in 2003. The LNG facility projects include the replacement of a boil-off compressor and a refrigerant turbine that resulted in approximately \$2 million in CWIP at December 31, 2003. Additionally, there were two pipeline replacement projects that

began in 2001 and 2002 but were still ongoing in 2003. These projects had a CWIP balance of approximately \$800,000 at December 31, 2003.

CGC's process for closing CWIP to plant in service is primarily driven by the project manager and plant and construction accounting. When a project is complete and the related asset is placed in service, the project manager is responsible for reviewing the costs of project and closing the related costs to plant in service. Plant and construction accounting assist with the process through monthly reviews of CWIP balances and aging of individual projects. Projects with a last transaction date of six months or prior to the current date are reviewed with the project managers to determine if the project is complete and in service and should be closed to plant in service.

Data Request No. 119

Refer to Company response to MFR #25, CGC Schedule 25-1, page 8. Provide source documentation for all amounts and percentages used in this schedule.

Response:

Please see attached schedules 119-1 – 119-6b for support and source documentation for the amounts and percentages used in page 8 of CGC Schedule 25-1.

Schedule 119-3 also explains an adjustment required for the attrition period to reduce expense of approximately \$5,628.

Additionally, schedule 119-6b also explains an adjustment required to the test period to decrease AGL Services Company allocated pension expense by approximately \$15,000. However, this adjustment will not have an impact on the pro-forma adjustments in the attrition period.

Chattanooga Gas Company
Pro-Forma Adjustments for Pension Expense
Test Period (10/02 - 9/03) and Attrition Period (7/04 - 6/05)

Pro-forma adjustments for FAS 87 Expense	Attrition Period	Test Period
CGC FAS 87 expense credit pro-forma - increase expense	(149,700)	(565,731)
AGL Services Company FAS 87 Expense	(A) 974,600	98,861
CGC Percent Allocated	(B) 4.92%	4.96%
CGC Allocated - pro-forma - reduce expense	(A) * (B) 47,968	4,904
Pro-forma adjustments for funding contributions		
Pro-forma adjustments for CGC pension funding - increase expense	(C) 37,744	46,113
AGL Services Company Contributions	(D) 2,386,823	2,745,632
CGC Percent Allocated	(B) 4.92%	4.96%
Pro-Forma adjustments for AGSC pension funding - increase expense	(D) * (B) 117,432	136,183

See Schedule 119-2

(A) - For the attrition period, the amount is based on the estimated pension expense for AGSC as provided by Mercer Human Resource Consulting. See attached Schedule 119-3. The test period is based on the following

Actual credit to expense - October - December 2002	(459,964)
Expense for January - September 2003 (as provided by Mercer Human Resource Consulting - \$745,100/12*9)	558,825
	98,861

- (B) - Percent allocated based on estimated percentage of AGSC pension expense allocated to CGC - see 119 - 4 for support of calculation
- (C) - Represents payments to participants in the CGC non-qualified pension plans - see Schedules 119-5a and 119-5b for support
- (D) - Represents funding payments for AGSC's qualified and non-qualified pension plans. See Schedules 119-6a and 119-6b for support

Chattanooga Gas Company
 Test Period Actuals - Attrition Period Budget/Forecast - Detail

Account	(A)		(B)	
	Test Period Actuals - 10/02-9/03 Before Pro Forma Adjustments	Attrition Period Bdgt/Frcst - 7/04-6/05 Before Pro Forma Adjustments		
670450 Pensions	(565,731.23)	(149,700.00)		Include as Pro-forma adjustment. Recovery will be based on contributions

Note that the above was also included on page 22 of MFG #25

(A) - Agrees to test period general ledger for CGC.

(B) - See attached confirmation letter from Mercer Human Resource Consulting - 119-2a

MERCER

Human Resource Consulting

Chattanooga Gas Company
Doclet No. 04-02034
TRA Data Request 119
Schedule 119-2a

3475 Piedmont Road, NE, Suite 800
Atlanta, GA 30305-2954
404 442 3100 Fax 404 442 3300
www.mercerHR.com

February 5, 2004

Mr. Mike Morley
AGL Resources Inc.
Ten Peachtree Street
Suite 1000
Atlanta, Georgia 30309

Subject:

Estimated 2004 and 2005 Expense for Chattanooga Gas Company
Estimated 2004 Contribution for the AGL Resources Inc. Retirement Plan

Dear Mike:

As requested, we have estimated 2004 and 2005 expense allocated to Chattanooga Gas Company for the following plans:

- AGL Resources Inc. Retirement Plan (the "qualified retirement plan")
- AGL Resources Inc. Excess Retirement Plan (the "non-qualified retirement plan")
- AGL Resources Inc. Postretirement Health and Welfare Plans (the "postretirement plan")

The following table shows our estimated results, along with our assumptions:

Plan	(amounts in \$1,000s)	
	2004	2005
FAS 87 Qualified Retirement Plan	(208.2)	(138.1)
FAS 87 Non-Qualified Retirement Plan	25.6	24.9
Total FAS 87 Pension Expense	(182.6) ⁽¹⁾	(113.2) ⁽¹⁾
Total FAS 106 Postretirement Plan Expense	226.2	241.0
		50 - (295.8)
		<u>2</u>
		<u>2117,9007</u>
Assumptions	2004	2005
2003 return on market value (qualified retirement plan)	19.78% ¹	19.78% ¹
2003 return on market value (postretirement plan)	10.00%	10.00%
2004 return on market value	N/A	7.50%
Discount rate	6.25%	6.25%
Expected return on assets	8.25%	8.25%

¹ Year-end 2003 assets set equal to December 1, 2003 market value of assets

MERCER

Human Resource Consulting

Chattanooga Bus Company

Docket No. 011-00034

TEA Data Request 119

Schedule 1K-2a

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February 5, 2004

Mr. Mike Morley


AGL Resources Inc.

Furthermore, we have estimated the total 2004 qualified retirement plan contribution to be \$11.7 million to avoid the PBGC variable rate premium.

These results are based on participant data as of January 1, 2003. All plan provisions and assumptions not detailed above are the same as those stated in the AGL Resources Inc. Retirement Plan and Postretirement Health and Welfare Plans Actuarial Reports for the Fiscal Year Ending December 31, 2003.

Please call me if you have any questions.

Sincerely,



Andy Lathren

Copy: Tom Atwood, AGL Resources
Drew Evans, AGL Resources
Eric Slover, AGL Resources
Scott Allen
Jeff Amrose, Mercer
Ron Davis, Mercer

AGL Resources Inc.
FAS 87 Qualified Plan Expense Allocation by Company
(amounts in \$1,000s)
Source - Mercer Human Resource Consulting

Old Div Number	Business Unit Number	Business Unit Name	Location Name	FAS 87 Qualified Plan Expense		
				2003	Estimated 2004	Estimated 2005
001,002,006,029	GL29	AGSC	HR Benefits Department	300 5	544 6	599 6
001,002,006,029	GL29	AGSC	HR Benefits Department	304 4	280 7	273 0
001,002,006,029	GL29	AGSC	HR Benefits Department	140 2	127 2	124 1
Total actual for 2003 and Estimates for 2004 and 2005				745 1	952 5	996 7

Estimate for attrition period - 2004 plus 2005 divided by two

Assumptions

2003 return on market value	N/A	19 78%	19 78%	¹
2004 return on market value	N/A	N/A	N/A	7 50%
Discount rate	6 75%	6 25%	6 25%	6 25%
Expected return on asset assumption (Qualified Plan Only)	8 75%	8 75%	8 75%	8 75%

¹ Year-end 2003 assets set equal to December 1, 2003 market value of assets

SOURCE - Mercer Human Resource Consulting

(A) - The amount included in the calculation of the pro-forma adjustment included on page 8 of schedule 25-1 This amount - \$974,600 - was not the amount included in the attrition period for AGSC The amount for AGSC in the attrition period is \$1,089,000, and would increase the pro-forma adjustment to expense by approximately \$5,628 (\$1,089,000 - \$974,600 * 4 92%)

AGL Services Company - Estimated Percent of Pension Expense Allocated to CGC by Service Provider

Service Provider	(A) Percent of Service Provider Expense Allocated to CGC	(B) 2003 Percent of AGSC Pension Expense Allocated to Service Providers	(A) * (B) Estimated Percent of AGSC Pension Expense Allocated to CGC - 2003	(C) 2004 Percent of AGSC Pension Expense Allocated to Service Providers	(A) * (C) Estimated Percent of AGSC Pension Expense Allocated to CGC - 2004	(D) 2005 Percent of AGSC Pension Expense Allocated to Service Providers	(A) * (D) Estimated Percent of AGSC Pension Expense Allocated to CGC - 2005
Business Support-Facilities Mgt	3.54%	1.35%	0.05%	1.05%	0.04%	1.06%	0.04%
Business Support-Fleet	6.47%	3.02%	0.20%	2.99%	0.19%	3.03%	0.20%
Business Support-Other	4.86%	0.68%	0.03%	0.17%	0.01%	0.17%	0.01%
Business Support-Purchasing	6.70%	0.91%	0.06%	0.82%	0.06%	0.83%	0.06%
Customer Services	5.25%	14.98%	0.79%	10.94%	0.57%	8.95%	0.47%
Employee Services	4.65%	5.53%	0.26%	5.47%	0.25%	5.85%	0.28%
Engineering	5.80%	10.59%	0.61%	12.42%	0.72%	12.67%	0.73%
Executive	4.00%	2.57%	0.10%	2.57%	0.10%	2.87%	0.11%
External Relations	4.50%	1.46%	0.07%	2.56%	0.12%	2.59%	0.12%
Financial Services	6.04%	13.24%	0.80%	13.70%	0.83%	13.90%	0.84%
Gas Supply & Capacity Mgt	5.02%	13.53%	0.68%	11.76%	0.59%	12.27%	0.62%
Information Systems & Technology	3.63%	20.00%	0.72%	22.41%	0.81%	22.50%	0.81%
Internal Auditing	9.63%	1.11%	0.11%	1.36%	0.13%	1.38%	0.13%
Investor Relations	4.69%	0.26%	0.01%	0.25%	0.01%	0.25%	0.01%
Legal Services & Risk Mgt	3.48%	4.01%	0.14%	4.80%	0.17%	4.87%	0.17%
Marketing	2.07%	2.50%	0.05%	2.91%	0.06%	3.05%	0.06%
Other	4.57%	2.16%	0.10%	1.77%	0.08%	1.80%	0.08%
Rates & Regulatory	9.05%	2.07%	0.19%	2.05%	0.19%	2.05%	0.19%
Strategic Planning	1.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cost of Capital	4.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
			4.96%		4.93%		4.92%

Test Period "percent allocated"

Test Period "percent allocated"

(A) Represents the percentage of costs by service provider allocated to CGC from January 2003 - October 2003. An internal analysis had been performed to determine the estimated amount of pension costs allocated to AGL Resources affiliates by service provider. The data from this analysis was used to determine the pro-forma adjustments on page 8 of CGC Schedule 25-1.

(B), (C) Represents the percentage of AGSC pension expense allocated to each service provider. Pension expense is allocated to each service provider based on the percentage of payroll by service provider as a percent of total AGSC payroll and (D) 2003 percentages were based on actual data through December 2003. 2004 and 2005 percentages were based on the 2004 budget and 2005 forecast.

CGC Pension Plan Contributions - Attrition Period

Sum of Amount Period	GL8
1	4,264 18
2	4,264 18
3	3,787 91
4	2,903 40
5	2,903 40
6	4,355 10
7	2,903 40
8	2,903 40
9	2,903 40
10	2,903 40
11	4,355 10
12	2,903 40
Grand Total	41,350 27

December
 multiplied by 26 pay periods

2,903 40	26
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Annualized Estimated for Attrition Period 37,744.20

Payments made to participants under Non-Qualified Pension
 Plans - SERP and Excess plans

Source - CGC general ledger for January - December 2003

CGC Pension Plan Contributions - Test Period

Sum of Amount Period	GL8
1	4,264 18
2	4,264 18
3	3,787 91
4	2,903 40
5	2,903 40
6	4,355 10
7	2,903 40
8	2,903 40
9	2,903 40
10	4,264 18
11	4,264 18
12	6,396 27
Grand Total	46,113 00

Payments made to participants under Non-Qualified Pension
 Plans - SERP and Excess plans

Source - CGC general ledger for 10/02 - 9/03

AGSC Pension Plan Contributions - Attrition Period

Sum of Amount Period	Unit
	GL29
1	47,864.44
2	50,564.44
3	50,564.44
4	50,564.44
5	50,564.44
6	77,196.66
7	50,564.44
8	47,864.44
9	50,564.44
10	51,964.44
11	79,996.66
12	51,964.44
Grand Total	660,237.72

(A) Estimated contributions to non-qualified pension plans during attrition period - based on 2003 actuals

Estimated planned contribution to Qualified Plan during attrition period (AGLR consolidated,

excluding Virginia Natural Gas) 9,865,004 (Based on consolidated AGLR estimated contribution of \$11,500,000 - see note below for source of estimate)

AGSC percent of AGLR consolidated Projected Benefit Obligation, excluding VNG

17.502%

Contribution applicable to AGSC participants

1,726,584.96 (A)

Estimated pension plan contributions - attrition period

2,386,822.68 Sum of (A)

Source - AGSC general ledger for 2003 contributions ASGC percent of contribution provided by Mercer Human Resource Consulting
The estimated required contribution was provided by Mercer Human Resource Consulting See schedule 119-2a (pg2), which is a confirmation from Mercer Human Resource Consulting estimating the required 2003 plan year/2004 contribution year at \$11.7 million

AGSC Pension Plan Contributions - Test Period

Sum of Amount Period	Unit GL29
1	47,864 44
2	50,564 44
3	50,564 44
4	50,564 44
5	50,564 44
6	77,196 66
7	50,564 44
8	47,864 44
9	50,564 44
10	44,966 72
11	44,966 72
12	71,598 94
Grand Total	637,844 56

(A) Actual contributions to non-qualified pension plans during test period

Actual contribution to Qualified Plan during attrition period (AGLR consolidated, including Virginia Natural Gas - VNG)	12,043,000
AGSC percent of AGLR consolidated Projected Benefit Obligation, excluding VNG	<u>17 502%</u>
Contribution applicable to AGSC participants	2,107,781.56 (A)
Estimated pension plan contributions - attrition period	2,745,632.12 Sum of (A)

Note that the \$12,043,000 inadvertently included the portion applicable to Virginia Natural Gas. The 17 502% is AGSC's percent of AGLR consolidated projected pension obligation excluding VNG. Excluding VNG from the contribution of \$12,043 million would have decreased the test period pro-forma adjustment by approximately \$15,000 to \$121,000 vs the reported \$136,183.

Source - AGSC general ledger for 2003 contributions and discussions with treasury management regarding contribution to qualified plan. AGSC percent of AGLR consolidated based on information provided by Mercer Human Resource Consulting.

Data Request No. 131

Expense account numbers 671412 through 671430 show allocations to Chattanooga Gas beginning in April 2003. Explain these allocations in more detail, including the start date of April 2003. How were these allocations made prior to April 2003?

Response:

Shared services costs of AGL Services Company (AGSC) are charged back to the subsidiaries of AGL Resources (AGLR) at cost and in accordance with the United States Securities and Exchange Commission ("SEC") Public Utility Holding Company Act of 1935 ("PUHCA"), specifically Rules 90 and 91. The methodologies utilized to charge back these costs and the services provided to the subsidiaries by AGSC are also in accordance with the AGL Services Agreement executed between AGSC and each subsidiary.

From its inception in October 2000 through December 2003, AGSC utilized an allocation system in which AGSC departments were used as work orders to track costs. Costs were allocated in the following three-step process:

Direct Charge- This process includes, but is not limited to, the charge back of costs for fleet services, facilities, certain benefits, information system and technology, gas supply and capacity management and projects specifically attributable to an affiliate or group of affiliates as based upon a standard rate and driver and/or specific general ledger accounts;

Direct Assignment- AGSC's remaining costs (total operating expenses net of direct charges) are charged back based upon the percentage of time spent providing services to the subsidiaries; and

Allocated and Distributed - AGSC's remaining costs (total operating expenses net of direct charges and direct assignments) are charged back based upon certain allocation drivers. These remaining costs are associated with unassigned time or time spent providing internal AGSC services.

As an example of a direct charge, if an affiliate uses 10 trucks that are maintained by AGSC, AGSC directly charges the affiliate AGSC's standard maintenance rate. With respect to direct assignment, when an AGSC accountant performs accounting services for an affiliate, the AGSC employee records the amount of time he or she spends on the project on a timesheet which is approved by the employee's supervisor. Then AGSC captures all such hours with in its time entry and AGSC accounting systems and calculates the ratio of the total number of service hours performed by the respective

AGSC department for the affiliate divided by the total number of service hours

performed by the department for all affiliates. This ratio is then multiplied by the department's total net operating expense and the resulting amount is then directly assigned to the affiliate.

AGSC's service categories utilize one of seven different factors (See Schedule 131-1) to allocate total operating expenses remaining after direct charges and direct assignment. This process is commonly referred to by AGSC as allocated and distributed. The allocation factors utilized by each of the service providers are detailed in Schedule 131-2. Causal relationships between the services provided and the allocation factors are identified and utilized as the basis for selecting the appropriate allocation driver. For example, Employee Services utilized the number of employees allocation factor, which has a causal relationship with the services provided. The composite factor is utilized for those service providers for which a causal relationship cannot be identified. The composite factor is the average of four additional ratios as follows: (1) number of employees; (2) total operating expenses; (3) operating margin; and (4) total assets.

An explanation of the services provided by each service provider is included in TRA Minimum Filing Guideline No. 46, a copy of which is attached to this response.

In 2004, AGSC modified its method for the direct assignment process whereby AGSC uses a newly implemented O&M project costing system. This new system utilizes projects as well as departments to accumulate direct assigned costs to each of AGSC's affiliates. The primary difference between the two direct assignment methods is that costs will now be directly assigned and charged to affiliates based on the specific costs incurred providing services to affiliates as opposed to the percent of time applied to total operating costs less direct charges. This is not expected to have a material difference in the amount of costs charged by AGSC to affiliates but will allow for more efficient and timely reporting of costs at the service provider and department levels.

The accounts referenced in this data request relate to the allocated and distributed process. Prior to April 2003, these allocated costs were recorded in account 671404, "allocated distributed chargeback." In accordance with SEC PUHCA regulations, AGSC provides monthly invoices to all AGLR system companies receiving allocation charges from AGSC. These invoices provide such required detail as costs by service provider. Beginning in April 2003, the allocated and distributed expenses by service provider were recorded in separate accounts (671412-671430) on the general ledger. This allows for easier analysis by AGLR system companies as well as a more efficient and timely process for generating monthly invoices. These new accounts simply represent a more detailed break-out, by service provider, of what was previously recorded to account 671404.

AGL SERVICES COMPANY - SERVICES TO BE PROVIDED

SERVICE PROVIDER	COST ALLOCATION METHODOLOGY	COST ALLOCATION BASIS/DRIVER
Business Support		
Purchasing	Allocated	Composite Ratio
Facilities Management	Allocated	Composite Ratio
Fleet	Allocated	Composite Ratio
Other	Allocated	Composite Ratio
Customer Services	Distributed	Call Volumes
Employee Services	Distributed	Number of Employees (FTE's)
Engineering	Distributed	Number of End-Use Customers
Executive	Allocated	Composite Ratio
External Relations	Allocated	Composite Ratio
Financial Services	Allocated	Composite Ratio
Gas Supply and Capacity Management	Distributed	Number of End-Use Customers
Information Systems and Technology	Distributed	Number of Employees (FTE's)
Internal Auditing	Allocated	Composite Ratio
Investor Relations	Allocated	Composite Ratio
Legal Services and Risk Management	Allocated	Composite Ratio
Marketing	Distributed	Number of End-Use Customers
Other	Allocated	Composite Ratio
Rates and Regulatory	Distributed	Number of End-Use Customers
Strategic Planning	Allocated	Composite Ratio

Allocated and Distributed Driver Descriptions

Number of End-Use Customers

A ratio based on the number of end-use customers. This ratio will be determined annually based on the actual number of end-use customers at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Total Assets Ratio

A ratio based on the total assets. This ratio will be determined annually based on the actual total assets at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Number of Employees Ratio (FTE's)

A ratio based on the number of employees benefiting from the performance of a service. This ratio will be determined annually based on actual counts of applicable employees at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Operating Margin Ratio

A ratio based on operating margin defined as revenue less cost of goods. This ratio will be determined annually based on the operating margin at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Operating Expense Ratio

A ratio based on total operating expense. This ratio will be determined annually based on the total actual operating expense at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Composite Ratio

This ratio is an average of the above mentioned four ratios of Number of Employees, Total Assets, Operating Expenses, and Operating Margin. This ratio will be determined annually based on the number of employees, total assets, operating expenses and operating margin at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Allocated and Distributed Driver Descriptions

Call Volume Ratio

A ratio based on the call volumes (measured as time) from end-use customers. This ratio will be determined annually based on the actual time spent servicing end-use customers at the call center at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Note that the above drivers for allocated and distributed charge backs are normally updated on a quarterly basis.

Data Request No. 136

To what account(s) have the costs for the proposed Bare Steel and Cast Iron Replacement Program been included in the Company's attrition year forecast? Supply the account numbers and the amounts included in each.

Response:

All costs associated with the Bare Steel Cast Iron Replacement Program are included in the attrition period capital forecast. The costs are classified as "Business Support-Renewals". The related costs of removal are categorized as "Business Support – Removals". Please see attached schedule 136-1 for a detail by month of the forecasted capital costs associated with the Bare Steel Cast Iron Replacement Program for the attrition period.

Additionally, please see attached schedule 136-2, which is Exhibit RRL-1, Schedule 2 from the prepared direct testimony of Richard Lonn. This schedule provides the impact of the Bare Steel and Cast Iron Replacement Program on rate base, depreciation expense and income tax expense. For the attrition period, the impact on depreciation expense is included in account 426350, and the impact on income taxes is included in account 427540.

Attrition Period Forecast - Bare Steel and Cast Iron Replacement Program

Renewals

BU	Department	Project Type	Activity Type	Project-Activity	Activity ID	Project Description	JUL 2004	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	TOTAL YEAR 2004
GL8	GL8 - ENGG	SUPPO	RENEW	SUPPO-RENEW 02	02	Renewal - Services	30,652	48,949	37,030	31,259	29,638	38,530	56,349	71,127	43,093	60,811	35,484	32,645	515,567
GL8	GL8 - ENGG	SUPPO	RENEW	SUPPO-RENEW 03	03	Renewal - Regulators	12,451	19,863	15,041	12,697	12,039	15,651	22,889	28,892	17,504	24,701	14,413	13,250	209,420
GL8	GL8 - ENGG	SUPPO	RENEW	SUPPO-RENEW 04	04	Renewal - Mains	97,734	156,075	118,071	99,669	94,501	123,280	186,325	235,193	142,492	201,080	117,331	107,945	1,679,696
GL8	GL8 - ENGG	SUPPO	RENEW	SUPPO-RENEW 05	05	Renewal - Transmission Mains	19,362	30,919	23,390	19,745	18,721	24,338	35,593	44,928	27,220	38,412	22,414	20,621	325,663
							160,198	255,825	193,533	163,370	154,899	201,798	301,155	380,140	230,309	325,004	189,642	174,471	2,730,346

Removals

BU	Department	Project Type	Activity Type	Project-Activity	Activity ID	Project Description	JUL 2004	AUG 2004	SEP 2004	OCT 2004	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	TOTAL YEAR 2004
GL8	GL8 - ENGG	REMOV	REMOV	REMOV-REMOV 02	02	REMOV - Services	2,808	2,528	3,745	4,621	2,412	2,582	4,579	4,516	4,082	3,388	3,611	3,365	42,237
GL8	GL8 - ENGG	REMOV	REMOV	REMOV-REMOV 04	04	REMOV - Mains	6,710	6,041	8,948	11,043	5,765	5,784	10,941	10,790	9,755	8,095	8,630	8,040	100,543
							9,518	8,570	12,693	15,665	8,177	8,366	15,519	15,306	13,837	11,482	12,241	11,405	142,781

Chattanooga Gas Company
Docket No. 04-00034
TRA Data Request 136
Schedule 136-2

Chattanooga Gas Company
Revenue Requirement of Bare Steel and Cast Iron Pipeline Replacement Program

Docket No. _____
Exhibit (RRL-1) _____
Schedule 2 _____

	1	2		3
		Cost Year 1		
	Attrition Year Ending June 2005	12 Months Ending Dec. 2004	12 Months Ending Dec. 2005	
Operating Income Component				
1 Depreciation Expense	\$ 83,874	\$ 43,573	\$ 132,205	
2 Income Tax Expense	(32,897)	(17,092)	(51,858)	
3 Operating Income	(50,977)	(26,481)	(80,347)	
4 Revenue Requirement for Operating Income	84,220	43,750	132,744	
Rate Base Return Component				
5 Cumulative Capital Expenditures (Average)	2,594,826	1,293,017	4,023,814	
6 Less: Accumulated Depreciation (Average)	(63,893)	(32,693)	(96,301)	
7 Accumulated Deferred Income Taxes (Average)	421,553	252,047	504,279	
8 Rate Base (Average)	2,237,166	1,073,663	3,615,836	
9 Revenue Requirement for Return on Rate Base	275,118	132,040	444,665	
10 Carrying Charge Component		6,094	34,743	
11 Total Revenue Requirement	\$ 359,338	\$ 181,884	\$ 612,152	

Data Request No. 2

You provide your Capital Structure and Cost of Capital Statement in Data Response No. 80 on a consolidated basis. Provide this same schedule for the year ended December 31, 2003.

Response:

Attached are Schedules 3, 4 & 5 included in Virginia Natural Gas, Inc.'s (VNG) Annual Informational Filing Based on the 12 Months Ended December 31, 2003, filed April 29, 2004.

Schedule 3, page 1 of 3 Part A reflects the consolidated capital structure of AGL Resources. Parts B & C are based on the capital structure for regulatory reporting purposes for VNG. This capital structure is the capital structure of VNG's former parent company prior to AGL Resources Inc.'s acquisition of VNG in October 2000. Parts D&E represent the actual costs of AGLR Short term debt. Long term debt and Investment Tax Credits are 2003 AGLR actual costs adjusted to make the imputed costs equal to the capital structure approved for regulatory reporting purposes.

Schedule 3, page 2 of 3 is a reconciliation of the hypothetical capital structure to actual. The amounts of Short Term Debt, Long Term Debt, and Common Equity reflected in column 2 have been adjusted to include an allocated portion of Investment Tax Credit.

Schedule 3 page 3 is the development of hypothetical capital structure of VNG's former parent, used for ratemaking purposes.

Schedule 4 is the Embedded Cost of Long-Term Debt at December 31, 2003.

Schedule 5 is the Schedule of Short-Term Debt outstanding at December 31, 2003.

AGL RESOURCES, INC
CAPITAL STRUCTURE AND COST OF CAPITAL STATEMENT - PER BOOKS AND AVERAGE
Based on the Twelve Months Ended December 31, 2003

Schedule 3
Page 1 of 3

	(1)	(2)	(3)	(4)	(5)	(6)
	1999	2000	2001	2002	Test Year Ended Dec 31, 2003	Average*
A Capital Structure Per Balance Sheet (\$000's)						
Short Term Debt	\$1,500	\$141,200	\$303,400	\$320,200	\$306,426	\$173,767
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Debt	\$660,000	\$610,000	\$890,000	\$845,000	\$806,621	\$813,671
Preferred Stock	\$74,300	\$74,300	\$219,900	\$225,506	\$221,845	\$221,443
Common Equity	\$661,500	\$620,900	\$671,400	\$732,105	\$985,689	\$956,236
Investment Tax Credits	\$67	\$35	\$13	\$2		\$29
Other Deferred Credits	\$0	\$0	\$0	\$0		\$0
Other Liabilities	\$0	\$0	\$0	\$0		\$0
Total Capitalization	\$1,397,367	\$1,446,435	\$2,084,713	\$2,122,814	\$2,320,581	\$2,165,146
B Capital Structure for Ratemaking Purposes (\$000's)						
Short Term Debt	\$154,467	\$185,243	\$204,548	\$208,286	\$227,691	\$212,440
Long Term Debt	\$527,003	\$544,422	\$778,019	\$792,238	\$866,046	\$808,037
Investment Tax Credits	\$5,834	\$5,724	\$10,319	\$10,508	\$11,487	\$10,717
Cost Free Capital	\$0	\$0	\$0	\$0	\$0	\$0
Common Equity	\$710,063	\$711,047	\$1,091,827	\$1,111,762	\$1,215,358	\$1,133,952
Total Capitalization	\$1,397,367	\$1,446,435	\$2,084,713	\$2,122,814	\$2,320,581	\$2,165,146
C Capital Structure Weights for Ratemaking Purposes (%)						
Short Term Debt	11 054%	12 807%	9 812%	9 812%	9 812%	9 812%
Long Term Debt	37 714%	37 639%	37 320%	37 320%	37 320%	37 320%
Investment Tax Credits	0 417%	0 396%	0 495%	0 495%	0 495%	0 495%
Cost Free Capital	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
Common Equity	50 814%	49 159%	52 373%	52 373%	52 373%	52 373%
Total Capitalization	100 000%	100 000%	100 000%	100 000%	100 000%	100 000%
D Component Capital Cost Rates (%)						
Short Term Debt	5 800%	6 480%	5 190%	2 623%	2 532%	2 532%
Long Term Debt	7 100%	7 110%	7 089%	7 756%	7 783%	7 783%
Investment Tax Credits	9 280%	9 250%	9 315%	9 592%	9 603%	9 603%
Cost Free Capital	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
Common Equity	10 900%	10 900%	10 900%	10 900%	10 900%	10 900%
E Component Weighted Cost Rates (%)						
Short Term Debt	0 640%	0 830%	0 509%	0 257%	0 248%	0 248%
Long Term Debt	2 680%	2 680%	2 646%	2 895%	2 905%	2 905%
Investment Tax Credits	0 040%	0 040%	0 046%	0 049%	0 048%	0 048%
Cost Free Capital	0 000%	0 000%	0 000%	0 000%	0 000%	0 000%
Common Equity	5 540%	5 360%	5 709%	5 709%	5 709%	5 709%
Total Capitalization	8 900%	8 910%	8 910%	8 910%	8 910%	8 910%

* Column 6 of Part A is the average capital structure from the most recent AGL Resources (AGLR) four quarters
Column 6 of Parts B and C are based on a hypothetical Consolidated Natural Gas Company (CNG) capital structure
Column 6 of Parts D and E represent the actual costs for AGLR short term debt Long term debt and Investment Tax Credits are 2003 AGLR actual costs adjusted to make the imputed costs equal to the hypothetical CNG capital structure

AGL RESOURCES, INC.
 RECONCILIATION OF CAPITAL STRUCTURE PARTS A AND B

Schedule 3
 Page 2 of 3

	[1]	[2]	[3]
	TEST PERIOD (000'S)	FOR RATEMAKING (000'S)	DIFFERENCE (000's) ([2] - [1])
(1) Short Term Debt	\$306,426	\$228,823	(\$77,603)
(2) Other Current Liabilities	\$0	\$0	\$0
(3) Long Term Debt	\$806,621	\$870,354	\$63,733
(4) Preferred Stock	\$221,845	\$0	(\$221,845)
(5) Common Equity	\$985,689	\$1,221,404	\$235,715
(6) Other Deferred Credits	\$0	\$0	\$0
(7) Other Liabilities	\$0	\$0	\$0
(8) Total	\$2,320,581	\$2,320,581	\$0

AGL RESOURCES, INC
CAPITAL STRUCTURE AND COST OF CAPITAL STATEMENT

(\$000)

Schedule 3
Page 3 of 3

Component	Amount	Weight	Cost Rate	Weighted Cost
Short-Term Debt	\$227,691	9.812%	2.532%	0.248%
Long-Term Debt	866,046	37.320%	7.783%	2.905%
Common Equity	1,215,358	52.373%	10.900%	5.709%
Investment Tax Credits	11,487	0.495%	9.603%	0.048%
Total Capitalization	<u>\$2,320,581</u>	<u>100.000%</u>		<u>8.910%</u>

Cost of Investment Tax Credits

Component	Amount	Weight	Cost Rate	Weighted Cost
Long-Term Debt	\$866,046	41.609%	7.783%	3.238%
Common Equity	1,215,358	58.391%	10.900%	6.365%
Total Capitalization	<u>\$2,081,404</u>	<u>100.000%</u>		<u>9.603%</u>

AGL Resources
Cost of Long-term Debt as of December 31, 2003
Based on the Twelve Months Ended December 31, 2003

	Balance 12/31/03	Rate/ Monthly Amortization	Annual Cost/ Amortization	Cost at Dec. 2003
Senior Notes				
Issued 3/01				
Issuance Amount	300,000,000	7.125%	21,375,000	21,375,000
Less: Unamortized Issuance Costs	2,141,182	24,897	298,764	298,764
Less: Unamortized Discount Costs	907,300	10,550	126,600	126,600
Total	296,951,518		21,800,364	21,800,364
Issued 7/03				
Issuance Amount	225,000,000	4.45%	10,012,500	10,012,500
Less: Unamortized Issuance Costs	1,987,519	16,287	195,444	195,444
Less: Unamortized Treasury Lock	(2,578,107)	(22,615)	(271,380)	(271,380)
Less: Unamortized Discount Costs				
Total	225,590,588		9,936,564	9,936,564
Total Senior Notes	522,542,106		31,736,928	31,736,928
Preferred Stock				
Issued 6/97				
Issuance Amount	75,000,000	8.17%	6,127,500	6,127,500
Less: Unamortized Issuance Costs	650,096	1,617	19,406	19,406
	74,349,904		6,146,906	6,146,906
8.00% Issued 5/01				
Issuance Amount	150,000,000	8.00%	12,000,000	12,000,000
Less: Unamortized Issuance Costs	247,604	8,638	103,656	103,656
Less: Unamortized Discount Costs	2,257,500	78,750	945,000	945,000
	147,494,896		13,048,656	13,048,656
Total Preferred Stock	221,844,800		19,195,562	19,195,562
MTNs				

AGL Resources
Cost of Long-term Debt as of December 31, 2003
Based on the Twelve Months Ended December 31, 2003

	Balance 12/31/03	Rate/ Monthly Amortization	Annual Cost/ Amortization	Cost at Dec. 2003
9.10% Due 02/01/21	30,000,000	9.10%	2,730,000	2,730,000.00
8.70% Due 04/01/22	25,000,000	8.70%	2,175,000	2,175,000.00
8.55% Due 04/15/22	6,000,000	8.55%	513,000	513,000.00
8.55% Due 04/01/22	5,000,000	8.55%	427,500	427,500.00
8.55% Due 05/13/22	10,000,000	8.55%	855,000	855,000.00
8.40% Due 06/05/12	5,000,000	8.40%	420,000	420,000.00
8.30% Due 06/19/12	5,000,000	8.30%	415,000	415,000.00
8.30% Due 07/01/12	5,000,000	8.30%	415,000	415,000.00
7.75% Due 12/15/04	5,000,000	7.75%	387,500	387,500.00
7.75% Due 12/10/04	5,000,000	7.75%	387,500	387,500.00
7.60% Due 12/15/04	3,500,000	7.60%	266,000	266,000.00
7.60% Due 12/15/04	10,000,000	7.60%	760,000	760,000.00
7.60% Due 12/15/04	5,000,000	7.60%	380,000	380,000.00
7.60% Due 12/23/04	5,000,000	7.60%	380,000	380,000.00
7.00% due 01/21/14	5,000,000	7.00%	350,000	350,000.00
7.00% due 01/18/19	5,000,000	7.00%	350,000	350,000.00
7.10% due 01/18/19	38,500,000	7.10%	2,733,500	2,733,500.00
7.00% due 01/27/15	11,250,000	7.00%	787,500	787,500.00
6.55% due 11/20/26	10,000,000	6.55%	655,000	655,000.00
6.55% due 11/20/26	10,000,000	6.55%	655,000	655,000.00
6.55% due 11/20/26	10,000,000	6.55%	655,000	655,000.00
7.20% due 07/17/17	20,000,000	7.20%	1,440,000	1,440,000.00
7.20% due 07/17/17	2,000,000	7.20%	144,000	144,000.00
7.30% due 07/15/27	33,500,000	7.30%	2,445,500	2,445,500.00
7.30% due 07/15/27	10,000,000	7.30%	730,000	730,000.00
7.30% due 07/15/27	10,000,000	7.30%	730,000	730,000.00
Total	289,750,000		22,187,000	22,187,000.00
Less: Issuance Costs				
MTN Issuance Costs				
9.10% Due 02/01/21	178,994.54	871.17	10,454	10,454.04
8.70% Due 04/01/22	130,835.55	597.43	7,169	7,169.16
8.55% Due 04/15/22	31,402.34	143.39	1,721	1,720.68
8.55% Due 04/01/22	26,167.87	119.49	1,434	1,433.88

AGL Resources
Cost of Long-term Debt as of December 31, 2003
Based on the Twelve Months Ended December 31, 2003

	Balance 12/31/03	Rate/ Monthly Amortization	Annual Cost/ Amortization	Cost at Dec. 2003
8.55% Due 05/13/22	52,429.00	238.32	2,860	2,859.84
8.40% Due 06/05/12	18,069.59	178.90	2,147	2,146.80
8.30% Due 06/19/12	18,070.95	178.92	2,147	2,147.04
8.30% Due 07/01/12	18,172.10	178.16	2,138	2,137.92
7.75% Due 12/15/04	2,847.22	258.84	3,106	3,106.08
7.75% Due 12/10/04	2,847.22	258.84	3,106	3,106.08
7.60% Due 12/15/04	1,993.12	181.19	2,174	2,174.28
7.60% Due 12/15/04	5,693.89	517.66	6,212	6,211.92
7.60% Due 12/15/04	2,847.22	258.84	3,106	3,106.08
7.60% Due 12/23/04	2,847.22	258.84	3,106	3,106.08
7.00% due 01/21/14	22,431.72	185.40	2,225	2,224.80
7.00% due 01/18/19	26,832.76	148.24	1,779	1,778.88
7.10% due 01/18/19	193,702.63	1,070.18	12,842	12,842.16
7.00% due 01/27/15	52,773.52	396.80	4,762	4,761.60
6.55% due 11/20/26	56,229.39	205.21	2,463	2,462.52
6.55% due 11/20/26	56,229.39	205.21	2,463	2,462.52
6.55% due 11/20/26	56,229.40	205.21	2,463	2,462.52
7.20% due 07/17/17	116,609.73	719.81	8,638	8,637.72
7.20% due 07/17/17	11,661.06	71.98	864	863.76
7.30% due 07/15/27	236,800.68	892.06	10,705	10,704.72
7.30% due 07/15/27	70,686.65	266.29	3,195	3,195.48
7.30% due 07/15/27	70,686.65	266.29	3,195	3,195.48
Premium/Unamort Costs on Early debt retirement				
8.25% due 1/4/23	1,045,287.00	4,467.00	53,604	53,604
8.1% due 1/26/03	83,624.00	357.00	4,284	4,284
7.97% due 2/6/23	418,348.00	1,788.00	21,456	21,456
7.97% due 2/6/23	209,175.00	894.00	10,728	10,728
7.9% 2/22/03	209,175.00	894.00	10,728	10,728
7.7% 3/1/23	209,291.00	894.00	10,728	10,728
7.5% due 4/2/23	39,370.00	345.00	4,140	4,140
7.55% due 4/16/13	485,868.00	4,262.00	51,144	51,144
6.85% due 10/26/23	67,644.00	285.00	3,420	3,420
6.55% due 12/07/05	603,375.00	975.00	11,700	11,700
7.05% due 12/02/13	108,315.00	910.21	10,923	10,923

AGL Resources
Cost of Long-term Debt as of December 31, 2003
Based on the Twelve Months Ended December 31, 2003

	Balance 12/31/03	Rate/ Monthly Amortization	Annual Cost/ Amortization	Cost at Dec. 2003
7.20% due 12/09/13	145,631.00	1,223.79	14,685	14,685
7.10% due 12/13/13	27,663.00	232.46	2,790	2,790
7.20% due 12/13/13	554,517.00	2,659.81	31,918	31,918
Total	5,671,374.41		348,719.28	348,719.28
Total MTNs	284,078,625.59		22,535,719	22,535,719
Total Long-term debt	806,620,731.59			54,272,647.28
Preferred Stock	221,844,800			19,195,562
Total Long-term Debt and Preferred St	1,028,465,531.59	7.143%		73,468,209.32

Note: For details regarding hedging instruments see page 62 of AGL Resources Inc. Annual Report to Shareholders included in Schedule 6.
As of March 31, 2004 the following two instruments were outstanding.

Dollars in Notional Amounts		Fixed Rate Payment	Variable Rate	Variable Rate as of March 31, 2004	Market Value as of March 31, 2004
(Millions)	\$75	8.00%	3-months LIBOR plus 131.5 bps	2.4%	4,906,000
	\$100	7.13%	6-month LIBOR plus 340.0 bps	4.6%	624,000

AGL Resources
Schedule of Short-Term Debt, Revolving Credit Agreements, and
Based on the Twelve Months Ended December 31, 2003
(dollars in millions)

<u>Component</u>	<u>Average Balance (1)</u>	<u>Weight</u>	<u>Cost Rate (2)</u>	<u>Weighted Cost</u>
Commercial Paper	\$167.0	96.1%	2.56%	2.46%
Line of credit	\$6.8	3.9%	1.90%	0.07%
Total	\$173.8	100.0%	2.53%	2.53%

(1) Average balance for the twelve months ended December 31, 2003

(2) Average rate for the twelve months ended December 31, 2003

Commercial Paper

<u>Month</u>	<u>Month End Outstanding</u>
January-03	\$350.6
February-03	165.6
March-03	136.0
April-03	100.0
May-03	108.0
June-03	140.0
July-03	31.0
August-03	80.5
September-03	121.0
October-03	223.5
November-03	244.0
December-03	303.5
Average	\$167.0
Cost	4.3
Average Cost	2.56%

Line of credit

<u>Month</u>	<u>Month End Outstanding</u>
January-03	\$8.9
February-03	4.8
March-03	0.8
April-03	8.8
May-03	2.9
June-03	7.5
July-03	13.7
August-03	5.9
September-03	6.2
October-03	6.1
November-03	12.9
December-03	2.9
Average	\$6.8

Data Request No. 9

The Company provided in FG-Item No. 56 a listing of all expenses allocated to Chattanooga Gas Company. This was provided by month for the test year as well as the attrition year. Provide the same information for the 12 months ended September 30, 2000 and 2001 and 2002.

Response

Please see the following exhibits:

- Exhibit 1 – AGL Services Company allocations to Chattanooga Gas Company by FERC account for the twelve months ending September 30, 2002.
- Exhibit 2 – AGL Services Company allocations to Chattanooga Gas Company by FERC account for the twelve months ending September 30, 2001. Note that for the period October – December 2001, AGL Resources Inc. allocated costs to affiliates through a transition period agreement with AGL Services Company.
- Exhibit 3 – AGL Resources Inc. and Atlanta Gas Light Company allocations to Chattanooga Gas Company by FERC account for the twelve months ending September 30, 2000.

Chatanooga Gas Company
Docket No 04-00034
TRA Data Request Econ 1-9
Exhibit 1

AGL Services Company Allocations by FERC Account
For the Twelve Months Ended September 30, 2002

FERC Acct	FERC Acct Description	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Total
403 0	Depreciation Expense	27,960	26,519	27,710	24,523	24,105	23,262	25,610	25,299	22,956	17,656	17,079	21,330	284,009
404 3	Amortization of other limited-term gas plant	1,071	263	782	778	792	762	772	724	743	648	(639)	2,387	9,082
408 1	Taxes other than income taxes	11,188	8,417	11,195	13,646	16,025	13,204	13,127	12,384	10,951	10,717	9,493	10,599	140,947
426 3	Penalties	-	-	-	-	-	-	-	-	-	587	1	667	1,255
841 0	Operation labor and expenses	206	275	233	633	466	322	192	171	202	159	171	328	3,357
843 1	Maintenance supervision and engineering	1,129	1,038	1,083	1,163	1,044	1,099	1,119	1,105	975	699	970	1,093	12,517
843 2	Maintenance of structures and improvements	3,306	3,067	4,077	3,332	3,002	3,129	3,171	3,115	3,744	3,110	2,527	3,953	39,532
843 3	Maintenance of Gas Holders	-	-	-	-	-	1,537	-	-	-	-	-	-	1,537
843 4	Maintenance of purification equipment	28	20	5	7	0	257	225	120	149	2	8	54	875
843 5	Maintenance of liquefaction equipment	219	45	59	21	253	263	333	616	281	44	19	79	2,233
843 6	Maintenance of vaporizing equipment	643	279	2,590	350	377	490	153	456	145	181	149	99	5,912
843 7	Maintenance of compressor equipment	252	602	291	542	434	408	682	185	261	215	357	281	4,510
843 9	Maintenance of other equipment	1,733	1,219	1,600	1,686	2,590	1,588	1,950	1,572	1,487	2,314	1,922	1,427	21,088
870 0	Operation supervision and engineering	4,439	4,475	6,496	3,800	3,102	3,264	3,576	3,541	4,501	4,563	3,755	4,616	50,128
871 0	Distribution load dispatching	3,316	3,035	3,954	3,720	3,203	3,532	3,722	4,348	4,059	3,825	3,110	4,094	43,918
874 0	Mains and services expenses	5,801	(2,993)	2,792	6,949	2,655	2,772	2,809	2,514	2,608	2,045	1,930	2,292	32,172
875 0	Measuring and regulating station expenses-General	2,117	1,865	1,699	1,821	1,994	1,798	1,967	2,109	1,888	1,995	1,849	2,184	23,307
877 0	Measuring and regulating exp-City gate check stations	1,280	1,473	1,606	2,216	2,337	2,100	2,319	2,123	2,172	2,073	2,141	2,322	24,161
878 0	Meter and house regulator expenses	11	(4)	58	(1)	(174)	-	-	-	-	-	-	-	(111)
879 0	Customer Installation Expenses	-	-	-	-	-	-	-	0	-	-	-	-	0
880 0	Other expenses	2,821	2,819	2,619	2,492	2,631	3,412	3,759	3,219	3,510	3,026	2,835	3,796	36,938
885 0	Maintenance supervision and engineering	25	-	-	-	662	424	-	-	-	-	-	-	1,111
887 0	Maintenance of mains	22	702	439	348	23	234	182	457	(199)	172	264	336	2,981
889 0	Maint of measuring and regulating station equip-General	1,666	1,663	1,513	891	238	(211)	280	198	129	198	204	315	7,086
891 0	Maint of measuring and regulating station equip-City Gate	4	-	-	-	-	-	-	-	-	-	-	-	4
892 0	Maintenance of services	890	807	806	864	709	749	806	855	685	659	652	793	9,275
893 0	Maintenance of meters and house regulators	155	331	70	205	477	(168)	44	104	136	99	373	244	2,071
903 0	Customer records and collection expenses	169	162	173	504	706	762	771	693	676	459	560	771	6,404
905 0	Miscellaneous customer accounts expenses	3,269	(1,838)	614	584	548	519	657	638	577	508	434	835	7,347
907 0	Supervision	529	474	478	521	468	472	521	511	274	457	432	513	5,652
908 0	Customer assistance expenses	10,945	6,459	6,289	8,747	9,113	10,461	15,061	9,639	8,954	8,994	8,303	9,841	112,707
912 0	Demonstrating and selling expenses	3,329	2,823	1,276	1,664	1,430	1,518	1,692	1,788	931	667	656	1,017	18,792
913 0	Advertising expenses	31	12	1,893	1,646	1,881	1,466	1,418	1,331	1,490	1,266	1,158	1,273	14,867
916 0	Miscellaneous sales expenses	-	-	-	-	-	7	-	-	-	-	-	90	104
920 0	Administrative and general salaries	110,967	145,354	202,787	134,427	123,195	396,198	154,910	152,709	173,425	131,856	118,875	257,662	2,102,367
921 0	Office supplies and expenses	34,639	34,181	26,403	33,325	38,996	32,812	30,788	33,289	39,738	28,578	24,311	36,551	393,611
922 0	Administrative expenses transferred-Credit	(28,841)	(27,833)	(33,157)	(30,770)	(25,697)	(34,274)	(29,699)	(29,741)	(33,117)	(33,296)	(21,788)	(30,637)	(358,641)
923 0	Outside services employed	48,052	45,368	7,171	78,749	75,179	52,444	56,169	79,796	68,287	59,744	53,333	52,325	676,618
924 0	Property insurance	8,643	4,159	5,410	7,693	8,432	8,456	9,707	9,103	14,048	10,819	10,677	5,824	102,970
925 0	Injuries and damages	8,301	5,348	1,890	3,575	2,501	8,336	7,682	2,999	3,144	1,730	1,850	1,402	48,759
926 0	Employee pensions and benefits	83,629	85,603	85,710	72,469	87,167	105,963	73,347	80,118	87,246	57,968	76,255	51,453	946,828
927 0	Franchise Requirements	-	-	-	-	-	0	-	-	-	-	-	-	0
928 0	Regulatory commission expenses	-	-	-	114	-	-	-	-	23	254	-	-	390
930 1	General Advertising Expense	231	16	30	-	-	-	-	-	-	-	-	-	278
930 2	Miscellaneous general expenses	32,213	4,790	10,329	15,642	28,662	15,948	9,110	9,908	8,082	13,050	2,045	12,953	162,131
931 0	Rents	27,991	17,437	37,202	20,031	21,859	21,503	18,752	22,119	23,718	22,097	13,677	17,561	263,946
932 0	Maintenance of general plant	32,968	47,130	25,451	19,674	13,504	21,846	40,229	15,991	26,078	20,497	10,087	38,339	311,793
Grand Total		447,547	425,582	451,628	438,583	454,891	708,665	457,924	456,105	484,957	380,434	350,042	520,462	5,576,820

Chattanooga Gas Company
Docket No 04-00034
TRA Data Request Econ 1-9
Exhibit 2

AGL Services Company Allocations by FERC Account
For the Twelve Months Ended September 30, 2001

FERC Acct	FERC Acct Description	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Total
403 0	Depreciation Expense	56,601	40,036	27,837	33,750	31,855	28,780	28,713	27,307	40,507	25,331	25,500	27,476	393,693
404 3	Amortization of other limited-term gas plant	1,241	898	663	297	272	925	780	1,210	929	652	605	641	9,115
408 1	Taxes other than income taxes	11,230	8,688	5,477	22,408	15,273	11,686	15,494	16,352	21,312	13,983	14,286	6,674	162,864
426 3	Penalties	0.00	0.00	0.00	-	-	-	668	-	-	-	-	-	668
735 0	Miscellaneous Production Expenses	0.00	0.00	0.00	-	11	-	-	-	436	187	-	-	633
841 0	Operation labor and expenses	0.00	0.00	0.00	512	55	423	502	1,159	608	420	(433)	253	3,499
843 1	Maintenance supervision and engineering	0.00	0.00	0.00	2,193	1,747	901	1,019	1,046	1,330	953	1,004	940	11,133
843 2	Maintenance of structures and improvements	-	-	1,247	4,099	2,844	2,075	2,945	2,889	3,463	3,264	3,520	1,808	27,954
843 4	Maintenance of purification equipment	0.00	0.00	0.00	1	(0)	36	169	67	13	2	21	11	318
843 5	Maintenance of liquefaction equipment	0.00	0.00	0.00	152	111	130	194	321	445	274	182	205	2,015
843 6	Maintenance of vaporizing equipment	-	-	159	1,223	883	480	693	533	1,102	67	941	(4,814)	1,268
843 7	Maintenance of compressor equipment	0.00	0.00	0.00	18	2,995	846	159	359	3,984	1,113	46	153	4,620
843 9	Maintenance of other equipment	-	-	7,744	2,342	2,052	4,391	2,264	2,198	3,984	1,447	2,820	503	29,745
870 0	Operation supervision and engineering	136	-	85	5,897	4,846	3,784	4,924	5,092	5,306	4,437	4,602	4,792	43,901
871 0	Distribution load dispatching	-	-	49	2,880	2,045	3,764	3,421	3,973	3,164	3,164	3,139	2,830	26,064
874 0	Mains and services expenses	0.00	0.00	0.00	5,380	15,205	7,422	11,468	15,080	14,569	11,123	6,524	(14)	86,753
875 0	Measuring and regulating station expenses-General	0.00	0.00	0.00	2,193	1,488	1,352	1,925	1,956	2,329	1,980	1,916	1,654	16,792
877 0	Meas & regulating station exp-City gate check stations	0.00	0.00	0.00	1,805	1,431	1,002	1,080	1,225	1,507	1,324	1,088	1,077	11,539
878 0	Meter and house regulator expenses	0.00	0.00	0.00	118	29	-	-	-	82	57	276	292	852
879 0	Customer Installation Expenses	0.00	0.00	0.00	-	-	-	-	-	-	4	-	-	4
880 0	Other expenses	0.00	0.00	0.00	2,667	2,351	1,653	2,428	2,363	2,890	2,012	1,946	2,227	20,538
885 0	Maintenance supervision and engineering	0.00	0.00	0.00	-	31	20	20	96	19	10	5	7	188
887 0	Maintenance of mains	-	(520)	-	1,276	(188)	462	2,197	2,531	903	1,812	1,965	2,230	12,668
889 0	Maint of measuring and regulating station equip-General	0.00	0.00	0.00	1,514	1,179	1,566	1,643	1,478	1,452	1,306	1,553	1,116	12,806
892 0	Maintenance of services	0.00	0.00	0.00	1,116	275	623	698	889	738	888	818	776	6,821
893 0	Maintenance of meters and house regulators	5	-	-	123	305	731	365	(135)	215	77	(1,141)	300	846
894 0	Maintenance of other equipment	3,095	2,824	2,733	-	-	-	-	-	9	4	3	-	8,667
901 0	Supervision	0.00	0.00	0.00	-	-	-	-	-	-	-	18	(6)	12
902 0	Meter Reading Expenses	0.00	0.00	0.00	564	480	227	195	(53)	-	-	-	-	1,414
903 0	Miscellaneous customer accounts expenses	410	103	200	245	92	190	81	287	174	132	226	197	2,335
904 0	Uncollectible Accounts	-	-	-	-	-	-	-	-	-	-	-	-	0
905 0	Miscellaneous customer accounts expenses	544	406	259	250	204	168	211	216	253	198	205	215	3,130
907 0	Supervision	0.00	0.00	0.00	560	446	361	477	493	244	426	506	428	3,940
908 0	Customer assistance expenses	626	236	1,535	4,610	4,223	2,894	4,674	3,088	4,231	4,499	4,741	5,211	40,568
909 0	Informational and Instructional Advertising	162	6,460	328	1,982	412	11	-	-	153	-	-	-	9,509
911 0	Supervision	0.00	0.00	0.00	-	-	-	-	-	-	46	(3)	-	43
912 0	Demonstrating and selling expenses	988	789	792	4,746	2,906	2,429	3,841	3,810	4,523	3,029	3,522	2,875	34,252
913 0	Advertising expenses	-	31	584	1,753	1,697	17,835	2,869	2,597	6,842	2,438	53	780	37,479
916 0	Miscellaneous sales expenses	1,784	1,755	210	2,226	-	1,837	3,216	1,813	3,857	958	945	317	18,918
920 0	Administrative and general salaries	124,030	103,801	175,895	97,501	88,739	216,693	98,762	119,255	183,683	127,218	155,621	153,016	1,644,214
921 0	Office supplies and expenses	36,420	40,520	14,726	45,986	33,193	34,763	25,427	36,266	43,931	39,068	32,690	49,098	432,087
922 0	Administrative expenses transferred-Credit	(14,028)	(11,601)	(8,161)	(32,045)	(27,846)	(24,138)	(27,097)	(30,162)	(35,040)	(31,451)	(34,157)	(30,126)	-305,855
923 0	Outside services employed	87,406.47	106,695.67	76,379.80	54,932	67,929	80,603	77,983	78,071	38,187	47,992	62,915	118,981	898,074
924 0	Property insurance	15,100	10,972	9,445	7,710	8,201	6,392	7,860	(7,886)	25,558	9,114	7,360	7,935	107,761
925 0	Injuries and damages	12,951	(1,505)	4,318	3,803	4,685	2,901	17,613	(2,472)	5,176	1,910	4,148	(919)	52,608
926 0	Employee pensions and benefits	115,834	91,777	94,413	110,744	99,936	47,155	88,760	75,915	26,412	76,780	68,170	96,145	952,042
928 0	Regulatory commission expenses	0.00	0.00	0.00	24	-	72	1,439	-	7	-	-	-	1,542
930 1	General Advertising Expense	39	-	594	816	216	1,692	216	1,692	2,256	351	34	380	6,378
930 2	Miscellaneous general expenses	4,088.82	3,763.91	13,812.67	27,029	11,170	9,593	2,729	46,999	12,739	6,037	7,715	10,386	156,062
931 0	Rents	16,604	14,094	14,188	34,725	15,999	12,516	26,298	18,943	39,350	15,804	15,804	24,697	246,867
932 0	Maintenance of general plant	26,141	18,930	17,723	12,480	56,347	7,626	37,299	20,486	22,286	41,622	22,553	22,131	305,623
Grand Total		501,410	439,155	463,235	472,603	455,893	490,940	457,722	455,105	492,871	420,906	424,247	512,878	5,586,964

