

AGL Resources
Atlanta Gas Light
Chattanooga Gas
Virginia Natural Gas
AGL Networks
Sequent Energy Management

800 427 5463 phone
www.chattanoogagas.com

2207 Olan Mills Drive
Chattanooga, TN 37421

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November 15, 2004

T.R.A. DOCKET ROOM

Chairman Pat Miller
Tennessee Regulatory Authority
Attention Sharla Dillon
460 James Robertson Parkway
Nashville, TN 37243-0505

04-00402

Re: Chattanooga Gas Company Report of Transactions in the Deferred Gas Cost
Account in compliance with Tennessee Regulatory Authority Administrative
Rule 1220-4-7-.03(2)

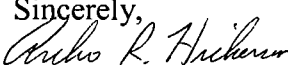
Dear Chairman Miller,

Attached is an original and thirteen copies of the Summary of the Transactions in Chattanooga Gas Company's Deferred Gas Cost Account for the twelve months ended June 30, 2004 and the computation of ACA factor effective January 1, 2005 (Attachment A.) as required by Tennessee Regulatory Authority Administrative Rule 1220-4-7-.03(2). Due to the voluminous nature of the material, two copies of the underlying accounting documents needed for the audit are being provided as agreed to with the Staff.

Also enclosed are revisions to Chattanooga Gas Tariff No. 1:

Seventy-Fifth Revised Sheet No. 55

If you have any questions please call me at 404 584 3855.

Sincerely,

Archie R. Hickerson
Manager-Rates

C. Ms. Amanda Hwang
Mrs. Pat Murphy
Mr. Russell Perkins



Chattanooga Gas

CHATTANOOGA GAS COMPANY
SUMMARY OF TRANSACTIONS DEFERRED GAS COST ACCOUNT
JULY 1, 2003 THRU JUNE 30, 2004

ATTACHMENT A
PAGE 1

BEG	JULY 03	AUG	SEPT	OCT	NOV	DEC	JAN 04	FEB	MARCH	APRIL	MAY	JUNE	TOTAL
BALANCE-COMMODITY	840 836 18	826 959 88	574 951 33	232 886 75	384 032 10	(1 235 882 25)	(1 316 345 61)	54 614 88	247 315 00	(194 254 08)	(618 998 90)	(742 807 39)	840 836 18
COST OF GAS PURCHASED - COMMODITY													
Spot Market & Transportation	5,014 633 29	4 102 811 83	3 405 006 90	2 736 065 38	2 249 426 47	5 613 090 78	8 320 355 03	7 218 031 39	2 877 473 74	1 778 592 77	1 704 588 13	6 928 917 01	51 945 972 72
Other Suppliers - End Users	289 190 31		(11 201 40)										277 988 91
Storage Withdrawals	484 475 89	201 827 14	564 372 08	469 033 74	977 040 75	3 964 276 24	2 425 204 91	1 448 379 31	1 140 923 61	1 158 520 88	1 703 444 47	10 681 78	14 526 183 90
LNG Selloff			6 346 51		13 327 05			43 865 38	57 463 27				500 124 39
LNG Selloff	155 821 98	167 464 29	196 284 62	176 543 80	104 154 11	150 647 96	166 843 55	153 584 22	150 955 74	101 045 49	119 709 51	118 478 37	1 761 533 74
LNG Inventory Adjustment													0 00
Consulting Fees													0 00
Taxes													0 00
TOTAL	5 924 121 47	4 472 103 26	4 154 462 20	3 381 643 02	3 336 967 84	9 741 345 03	11 291 525 67	8 659 880 30	4 228 616 36	3 039 159 24	3 527 722 11	7 056 077 16	68 011 803 86
Company Use													0 00
Storage Injections	(3 779 862 97)	(2 164 771 21)	(1 458 810 46)	(1 093 450 20)	(275 781 60)	(1 061 298 03)	(282 416 41)	(214 987 37)	(228 400 64)	(104 319 18)	(985 318 53)	(5 445 285 51)	(17 072 559 11)
Off System Sales													0 00
LNG Liquidation & Fuel	(1 106 148 69)	(1 211 390 31)	(1 536 968 25)	(472 391 41)									(4 328 897 63)
TOTAL PURCHASED	1 036 306 84	1 095 936 74	1 196 983 49	1 815 901 41	3 081 186 24	8 680 046 00	11 006 109 26	8 644 892 93	4 000 325 72	2 934 840 06	2 562 403 58	1 610 811 65	47 612 346 92
COST OF GAS RECOVERED - COMMODITY													
Actual Billings	1 088 781 40	1 343 704 38	1 404 985 22	1 516 775 46	2 287 116 60	5 555 947 49	8 899 142 04	9 545 090 91	7 274 024 11	4 547 768 61	3 554 459 99	1 957 945 67	48 985 731 88
Current Month Unbilled	978 757 00	1 019 191 00	1 151 231 00	2 080 438 00	3 716 463 00	6 838 060 00	7 447 829 00	6 203 710 00	3 269 984 00	2 250 066 00	1 198 575 00	983 169 00	37 146 273 00
Prior Month Unbilled	(664 576 00)	(978 757 00)	(1 019 191 00)	(1 151 231 00)	(2 080 438 00)	(3 716 463 00)	(6 838 060 00)	(7 447 829 00)	(6 203 710 00)	(2 250 066 00)	(1 198 575 00)	(983 169 00)	(37 146 273 00)
ACA Refund													0 00
2000-2001													0 00
2002-2003													0 00
ACA Surcharges													0 00
2001 2002													0 00
2002-2003													0 00
TOTAL RECOVERY	1 112 962 40	1 384 138 38	1 537 025 22	2 475 658 46	3 946 628 80	8 781 874 49	9 890 564 04	8 483 041 91	4 488 462 11	3 603 396 61	2 570 696 99	1 775 178 67	48 840 827 88
SS-1 (Negotiated Margin Loss)	57 828 24	33 715 11	34 848 15	43 395 20	36 324 21	25 698 13	44 514 27	30 347 10	41 075 56	21 411 72	15 438 36	41 981 34	426 555 39
WNA 2002-2004 Underrecovery													(22 695 00)
ACA Adjustment 2004 Audit													(44 037 32)
Uncollected Gas Costs													177 224 83
MONTHLY ACTIVITY - COMMODITY	(16 824 32)	(254 486 53)	(343 493 59)	(616 661 85)	(649 118 15)	(75 132 36)	1 373 059 49	192 198 12	(441 657 08)	(623 054 82)	(78 788 51)	(114 048 89)	(1 624 700 94)
ENDING BALANCE	824 011 86	572 473 35	231 457 75	(383 776 10)	(1 233 150 25)	(1 312 968 43)	56 713 86	246 815 87	150 713 94	(28 486 46)	(749 208 39)	(856 830 08)	(783 864 76)
AVERAGE ENDING BALANCE	832 424 02	689 716 59	403 204 54	(75 445 18)	(608 591 16)	(1 275 968 43)	150 713 94	246 815 87	150 713 94	(28 486 46)	(749 208 39)	(856 830 08)	28 485 71
INTEREST													
CUMM END BAL - COMMODITY	2 948 00	2 478 00	1 428 00	(2 56 00)	(2 742 00)	(4 321 00)	(2 099 00)	502 00	88 00	(1 686 00)	(2 599 00)	(2 666 00)	(8 925 00)
2003-2004	828 959 96	574 951 33	232 886 75	(384 032 10)	(1 235 882 25)	(1 316 345 61)	54 614 88	247 315 00	(194 254 08)	(618 998 90)	(742 807 39)	(856 830 08)	(782 789 76)
BEGINNING BALANCE - DEMAND	(1 504 981 75)	(912 734 93)	(399 537 56)	129 916 53	428 096 10	389 865 84	(773 142 46)	(1 928 684 58)	(2 844 431 44)	(2 806 170 80)	(2 528 575 13)	(1 911 481 72)	(1 504 981 75)
COST OF GAS PURCHASED - DEMAND	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00
Pipeline Demand	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00
TOTAL GAS PURCHASED	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00
Company Use													0 00
TOTAL	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	963 825 00	11 532 981 25
COST OF GAS RECOVERED - DEMAND													
Actual Billings	363 384 18	437 132 63	397 398 91	468 661 43	651 198 26	1 406 327 53	2 221 374 88	2 487 667 97	1 966 836 12	1 098 054 09	718 731 36	438 634 20	12 681 401 66
Current Month Unbilled	270 510 00	281 685 00	318 180 00	574 983 00	1 027 163 00	1 889 360 00	2 058 384 00	1 714 589 00	908 802 00	621 876 00	331 264 00	271 730 00	10 266 536 00
Prior Month Unbilled	(286 590 00)	(270 510 00)	(281 685 00)	(318 180 00)	(574 983 00)	(1 027 163 00)	(1 889 360 00)	(2 058 384 00)	(1 714 589 00)	(908 802 00)	(331 264 00)	(271 730 00)	(10 266 536 00)
ACA Refund													0 00
2000-2001													0 00
2002-2003													0 00
ACA Surcharges													0 00
2001 2002													0 00
2002-2003													0 00
TOTAL RECOVERY	367 304 18	448 307 63	433 893 91	668 590 43	1 023 408 26	2 065 820 53	2 115 394 98	1 846 431 87	916 668 12	677 877 09	338 877 36	320 792 20	11 252 382 88
ENDING BALANCE	596 520 82	515 517 37	529 931 09	287 234 57	(59 581 26)	(1 142 325 30)	(1 142 325 30)	(907 604 76)	47 662 64	288 471 67	624 471 41	643 556 56	280 608 59
AVERAGE ENDING BALANCE	(908 460 93)	(397 217 56)	(397 217 56)	427 151 10	388 514 84	(772 459 46)	(2 058 384 00)	(2 058 384 00)	(1 714 589 00)	(908 802 00)	(331 264 00)	(271 730 00)	(10 266 536 00)
INTEREST	(4 274 00)	(2 320 00)	(477 00)	945 00	(683 00)	(1 351 00)	(4 496 00)	(7 942 00)	(9 402 00)	(8 676 00)	(7 388 00)	(5 299 00)	(48 861 00)
CUMM END BAL - DEMAND	(912 734 93)	(399 537 56)	129 916 53	428 096 10	389 865 84	(773 142 46)	(1 928 684 58)	(2 844 431 44)	(2 806 170 80)	(2 528 575 13)	(1 911 481 72)	(1 273 234 16)	(1 273 234 16)
ENDING BALANCE - TOTAL	(912 734 93)	(399 537 56)	129 916 53	428 096 10	389 865 84	(773 142 46)	(1 928 684 58)	(2 844 431 44)	(2 806 170 80)	(2 528 575 13)	(1 911 481 72)	(1 273 234 16)	(1 273 234 16)
MONTHLY INTEREST RATE	0 3542%	0 3542%	0 3542%	0 3392%	0 3392%	0 3392%	0 3333%	0 3333%	0 3333%	0 3333%	0 3333%	0 3333%	0 3400%
YRLY INTEREST RATE	4 25%	4 25%	4 25%	4 07%	4 07%	4 07%	4 00%	4 00%	4 00%	4 00%	4 00%	4 00%	4 00%

CHATTANOOGA GAS COMPANY
COMPUTATION OF ACA FACTOR
EFFECTIVE JANUARY 1, 2004

ALLOCATION OF ACA REFUND/SURCHARGE TO RATE CLASSIFICATION
BASED ON VOLUMES FOR TWELVE MONTHS ENDED SEPTEMBER 30, 2004

RATE SCHEDULE	Contract Demand	Annual Commodity DT Sales	Demand	Commodity	TOTAL	Demand Per Unit	Demand	Commodity	TOTAL
I-1	9,663	864,120	(86,626)	(77,727)	(164,352)	\$ (0.7470)		\$ (0.0899)	\$ (0.0899)
L-1		281,008	-	(25,276)	(25,276)			\$ (0.0899)	\$ (0.0899)
T-2	0					\$ (0.7470)			
ALL OTHER	132,370	7,668,627	(1,186,609)	(689,786)	(1,876,395)		\$ (0.1547)	\$ (0.0899)	\$ (0.2447)
V-1									
TOTAL	142,033	8,813,754	(1,273,234)	(792,790)	(2,066,024)				

	MCF SALES	DT/MCF Factor (Docket 04- 00034)	DT
I-1	849,308	1.0174	864,120
L-1	276,191	1.0174	281,008
T-2**			
ALL OTHER	<u>7,537,178</u>	<u>1.0174</u>	<u>7,668,627</u>
V-1			
	8,662,677		8,813,754

DT SALES BY RATE CLASS
TWELVE MONTHS ENDED

September 31, 2004

Month	I-1	L-1	All Other	TOTAL	T-1 & T-2	TOTAL	SUMMER	WINTER
Jan-04	160,372	32,407	1,375,581	1,568,360	759,904	2,328,264		1,568,360
Feb-04	129,438	14,382	1,535,584	1,679,404	804,493	2,483,897		1,679,404
Mar-04	59,768	15,626	1,200,359	1,275,753	828,813	2,104,566		1,275,753
Apr-04	134,379	14,657	650,101	799,137	717,318	1,516,455		799,137
May-04	152,441	64,967	407,971	625,379	699,553	1,324,932	625,379	
Jun-04	25,288	29,603	246,483	301,374	688,921	990,295	301,374	
Jul-04	15,127	11,230	221,189	247,546	740,602	988,148	247,546	
Aug-04	17,235	23,362	213,449	254,046	787,170	1,041,216	254,046	
Sep-04	14,902	20,546	217,003	252,451	752,568	1,005,019	252,451	
Oct-03	17,640	6,715	251,516	275,871	765,682	1,041,553	275,871	
Nov-03	14,914	9,710	376,914	401,538	725,780	1,127,318		401,538
Dec-03	107,804	32,986	841,028	981,818	711,373	1,693,191		981,818
TOTAL	849,308	276,191	7,537,178	8,662,677	8,982,177	17,644,854	1,956,667	6,706,010

Month	R - 1	R - 4	C - 1	T-1*	T-2	DEMAND UNITS		
						I - 1	T - 2	TOTAL
Jan-04	759,535	2,041	614,005	571,004	188,900	9,064	0	9,064
Feb-04	828,797	1,913	704,874	575,900	228,593	10,627	0	10,627
Mar-04	620,876	932	578,551	627,404	201,409	10,615	0	10,615
Apr-04	320,975	699	328,427	536,526	180,792	10,900	0	10,900
May-04	180,327	446	227,198	515,468	184,085	10,255	0	10,255
Jun-04	90,540	331	155,612	531,359	157,562	9,588	0	9,588
Jul-04	75,576	328	145,285	575,034	165,568	9,415	0	9,415
Aug-04	70,217	334	142,898	615,675	171,495	9,664	0	9,664
Sep-04	73,757	343	142,903	583,348	169,220	9,710	0	9,710
Oct-03	102,534	615	148,367	601,191	164,491	7,704	0	7,704
Nov-03	172,039	947	203,928	569,445	156,335	7,704	0	7,704
Dec-03	478,113	1,717	361,198	532,275	179,098	10,714	0	10,714
TOTAL	3,773,286	10,646	3,753,246	6,834,629	2,147,548	115,960	0	115,960

* SS-1 and Discounted Volumes are included in T-1 Transportation and L-1 Sales

Effective January 1, 2005		BASE RATE	PGA a/	REFUNDS & SURCHARGES	BILLING RATE
R-1 Residential General Service	WINTER (NOV - APR) Base Use Charge/Bill First 25 Therms Next 25 Therms Over 50 Therms SUMMER (MAY - OCT) Base Use Charge/Bill First 25 Therms Next 25 Therms Over 50 Therms	\$7 5000 \$0 2900 \$0 2000 \$0 1750 \$7 5000 \$0 2100 \$0 1500 \$0 0450	\$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974	(0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418)	\$7 5000 \$1 2456 \$1 1556 \$1 1306 \$7 5000 \$1 1656 \$1 1056 \$1 0006
Air Conditioning	SUMMER (MAY - OCT) Over 50 Therms	\$0 0450	\$0 8566	(0 0090)	\$0 8926
Standby Service					
Demand Charge	Rate Per Therm of Input per Mor	\$0 3000	\$0 6790	(0 1572)	\$0 8218
R-4 Multi-Family Housing Service	WINTER (NOV - APR) Base Use Charge/Unit Commodity Charge/Therm SUMMER (MAY - OCT) Base Use Charge/Bill Commodity Charge/Therm	\$6 0000 \$0 1800 \$6 0000 \$0 1600	\$0 9974 \$0 9974 \$0 9974 \$0 9974	(0 0418) (0 0418) (0 0418) (0 0418)	\$6 0000 \$1 1356 \$6 0000 \$1 1156
Air Conditioning	SUMMER (MAY - OCT) Flat Rate / Therm	\$0 0450	\$0 8566	(0 0090)	\$0 8926
C-1 Commercial & Industrial General Service	WINTER (NOV - APR) Base Use Charge/Bill First 3,000 Therms Next 2,000 Therms Next 10,000 Therms Over 15,000 Therms SUMMER (MAY - OCT) Base Use Charge/Bill First 3,000 Therms Next 2,000 Therms Next 10,000 Therms Over 15,000 Therms	\$20 0000 \$0 2750 0 2510 0 2445 0 1265 \$15 0000 \$0 2159 0 1714 0 1598 0 1265	\$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974 \$0 9974	(0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418) (0 0418)	\$20 0000 \$1 2306 \$1 2066 \$1 2001 \$1 0821 \$15 0000 \$1 1715 \$1 1270 \$1 1154 \$1 0821
Air Conditioning	SUMMER (MAY - OCT) Flat Rate / Therm	\$0 0450	\$0 8566	(0 0090)	\$0 8926
Standby Service					
Demand Charge	Rate Per Therm of Input per Mor	\$0 3000	\$0 6790	(0 1572)	\$0 8218
I-1 Large Volume Firm Service	Base Use Charge Demand Charge / Demand Unit Commodity Charge / DT First 1,500 DTs Next 2,500 DTs Next 11,000 DTs Over 15,000 DTs	\$300 0000 \$3 0000 \$0 8888 \$0 7598 \$0 4312 \$0 2650	\$6 7896 \$6 7896 \$8 5661 \$8 5661 \$8 5661 \$8 5661	(1 5721) (1 5721) (0 0899) (0 0899) (0 0899) (0 0899)	\$300 0000 \$8 2175 \$9 3650 \$9 2360 \$8 9074 \$8 7412
L-1 Interruptible Service	Base Use Charge Commodity Charge/DT First 1,500 DT Next 2,500 DT Next 11,000 DT Over 15,000 DT	\$300 0000 \$0 8888 \$0 7598 \$0 4312 \$0 2650	\$8 8882 \$8 8882 \$8 8882 \$8 8882	(0 0899) (0 0899) (0 0899) (0 0899)	\$300 0000 \$9 6871 \$9 5581 \$9 2295 \$9 0633
T-1 Interruptible Transportation Service	Customer Charge Transportation Charge/DT First 1,500 DTs Next 2,500 DTs Next 11,000 DTs Over 15,000 DTs	\$300 0000 \$0 8888 \$0 7598 \$0 4312 \$0 2650		0 0000 0 0000 0 0000 0 0000	\$300 0000 \$0 8888 \$0 7598 \$0 4312 \$0 2650
T-2 Interruptible Transportation Service with Firm Backup	Customer Charge Demand Charge/Demand Unit Transportation Charge/DT First 1,500 DTs Next 2,500 DTs Next 11,000 DTs Over 15,000 DTs	\$300 0000 \$3 0000 \$0 8888 \$0 7598 \$0 4312 \$0 2650	\$6 7896 \$6 7896 \$8 5661 \$8 5661 \$8 5661 \$8 5661	(1 5721) (1 5721) 0 0000 0 0000 0 0000 0 0000	\$300 0000 \$8 2175 \$0 8888 \$0 7598 \$0 4312 \$0 2650
V-1 Natural Gas Vehicle Service	Base Use Charge / Bill Flat Rate / Therm	\$17 5000 \$0 0450	\$0 8789	0 0000	\$17 5000 \$0 9239

a/ PGA filed to be effective December 1, 2004

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CURRENT LEVEL OF SURCHARGES AND REFUND CREDITS

AMOUNTS INDICATED BELOW APPLY TO THE BILLING DETERMINANTS
OF EACH INDIVIDUAL TARIFF

RATES Billing Unit	I-1 Demand DT	I-1 Commodity DT	L-1 Commodity DT	T-1 Commodity DT	T-2 Demand DT	T-2 Commodity DT	All Other Therm	A/C Therm	V-1 Therm
IMCR Refund 4/1/2004*	(0 8250)	0 0000	0 0000	0 0000	(0 8250)	0 0000	(0 0173)	0 0000	0 0000
ACA 01-05 **	(0 7470)	(0 0899)	(0 0899)	0 0000	(0 7470)	0 0000	(0 0245)	(0 0090)	0 0000
TOTAL	(1 5721)	(0 0899)	(0 0899)	0 0000	(1 5721)	0 0000	(0 0418)	(0 0090)	0 0000

*IMCR refund made effective July 1, 2003 terminated Effective March 31,2004 Un-refunded balance as of 12/31/2003 is included in IMCR Refund Credit effective 4/1/2004

** January 1,2005 for a period of 12 months or shorter as may be required ACA02-03 Effective October 1, 2003 terminated

EFFECTIVE

January 1, 2005