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RESPONSE TO JOINT DISCOVERY REQUESTS OF  
TRA STAFF AND CONSUMER ADVOCATE AND PROTECTIVE DIVISION

QUESTION NO. 12



July 12, 2006

««AddressBlock»»

««GreetingLine»»

In accordance with the Authority's Rule 1220-4-7 effective March 1, 1994, Gas Utilities are required to accrue interest on the average total unrefunded balance in the "Refund Due Gas Customers" account.

Specifically, Rule 1220-4-7-.03(1)(b)2,(vii) states that the interest on the "Refund Due Customers' Account" be computed as follows:

"...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 equal to 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."

Our calculations indicate the rate to be used to accrue interest for the third calendar quarter of 2006 is 7.74% as computed below:

|                     |      |      | Prime Interest      |
|---------------------|------|------|---------------------|
|                     |      |      | <u>Rate A/</u>      |
| 4th preceding month | Mar. | 2006 | 7.53%               |
| 3rd preceding month | Apr. | 2006 | 7.75%               |
| 2nd preceding month | May  | 2006 | <u>7.93%</u>        |
| Average             |      |      | <u><u>7.74%</u></u> |

A/ Federal Reserve Bulletin, [http://www.federalreserve.gov/releases/h15/data/Monthly/H15\\_PRIME\\_NA.txt](http://www.federalreserve.gov/releases/h15/data/Monthly/H15_PRIME_NA.txt).

If you have any questions regarding the above calculation, please contact Pat Murphy at 615-741-2904, Ext. 178.

Sincerely,

Darlene Standley  
Chief, Utilities Division



-12 attachments Correction to TRA Interest rate for Refund Due Gas Customersaccount third quarter  
From: Childers, Patricia D.  
Sent: Thursday, July 13, 2006 11:22 AM  
To: Edwards, Victor  
Cc: Meisenheimer, Fred; Waller, Greg; Petersen, Thomas H.; Cagle, James C.; Ashburn, Allen  
Subject: Fw: Correction to TRA Interest rate for "Refund Due Gas Customers"account third quarter

Pat Childers

----- Original Message -----

From: Betty Kendall <Betty.Kendall@state.tn.us>  
To: ahickers@aglresources.com <ahickers@aglresources.com>; ahwang@aglresources.com <ahwang@aglresources.com>; Sharron Wilkins <swilkins@aglresources.com>; Swain, Jan; Childers, Patricia D.; Rate Administration; Edwards, Victor; FSteele@gascodistribution.com <FSteele@gascodistribution.com>; KMagyar@gascodistribution.com <KMagyar@gascodistribution.com>; tking@gascodistribution.com <tking@gascodistribution.com>; sam2@jadeinc.com <sam2@jadeinc.com>; edayers@jam.rr.com <edayers@jam.rr.com>; mhorton@network-one.com <mhorton@network-one.com>; Ann Boggs <boggs@piedmontng.com>; David.Carpenter@piedmontng.com <David.Carpenter@piedmontng.com>; Diane Coley <Diane.Coley@piedmontng.com>; Darlene Standley <AA04007.AA07S01.SD15@state.tn.us>; David Foster <AA04011.AA07S01.SD15@state.tn.us>; Pat Murphy <AA04015.AA07S01.SD15@state.tn.us>; Betty Kendall <AA04017.AA07S01.SD15@state.tn.us>; Paul Greene <AA14002.AA07S01.SD15@state.tn.us>; Carsie Mundy <AA14017.AA07S01.SD15@state.tn.us>; Butch Phillips <Butch.Phillips@state.tn.us>; Gary Lamb <Gary.Lamb@state.tn.us>; Michael Chrysler <Michael.Chrysler@state.tn.us>  
Sent: Wed Jul 12 11:40:24 2006  
Subject: Correction to TRA Interest rate for "Refund Due Gas Customers"account third quarter

I apologize for my error. The interest rate has been corrected below from 7.30% to 7.74%. It was correct in the attachment.

As shown in the attachment to this email, the rate to be used to accrue interest for the third calendar quarter of 2006 is 7.74%. If you have trouble opening the attachment, you may use this email as your source. Also, your hard copy will follow in the regular mail.

Should we need to add or delete any addressees on this email list, please respond to sender.

Sincerely,

Betty Kendall  
Betty.Kendall@state.tn.us  
615-741-2904, Ext. 173

transmitting for:

Darlene Standley, Chief  
David Foster, Deputy Chief  
Pat Murphy, Manager, Energy and Water  
Utilities Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505