

AGL Resources
Atlanta Gas Light
Chattanooga Gas
Elizabethtown Gas
Elkton Gas
Florida City Gas
Virginia Natural Gas
AGL Networks
Sequent Energy Management

800 477 5463 phone
www.chattanoogagas.com

2207 Olan Mills Drive
Chattanooga TN 3742

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2005 DEC -1 AM 9:06

T.R.A. DOCKET ROOM

November 29, 2005

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

05-00322

Re: Chattanooga Gas Company Annual Report of Actual Gas Cost and Applicable
Indices for the twelve months ended June 30, 2005

Dear Chairman Jones,

Pursuant to the provisions of the Performance Based Ratemaking Mechanism approved by the Tennessee Regulatory Authority's January 8, 2002 Order in Docket 01-00619, Chattanooga Gas Company (CGC) is filing an original and thirteen copies of the report of actual gas cost and the applicable index cost for each month of the plan year ended June 30, 2003 (Attachment A). As shown on Attachment A, the commodity cost of gas purchased by CGC during the plan year was approximately 0.37% above the index cost well within the 1% upper limit allowed by the approved Tariff.

The commodity cost for March and June 2005 exceeded the computed benchmark by more than 2%. In both instances the excess is because of the actual purchase price of gas at the NORA delivery point. Since there is no published index for the NORA delivery point, a surrogate index was computed based on the index price at the TN 500 leg plus TGP fuel and variables to the ETGP NORA delivery point. While this procedure is consistent with the procedure for computing an index for city gate purchases, it understates the index for the NORA delivery point since it does not include a component for the TGP 1-1 capacity. CGC intends to file a tariff change to include a more appropriate procedure for computing the surrogate index in future filings.

For the Authority's convenience, spreadsheets showing the volumes of gas, the indices, and the purchase prices for each month and each day are provided as Attachments B & C respectively. Chattanooga Gas Company considers the detailed information on Attachments B & C to be confidential and proprietary. As a result these Attachments are being filed under seal.

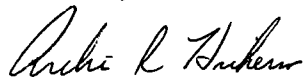
Should there be any questions, I will be pleased to discuss this filing in



Chattanooga Gas

further detail with you. I can be reached at 757-616-7510

Sincerely,

A handwritten signature in cursive script, appearing to read "Archie R. Hickerson".

Archie R. Hickerson
Director-Regulatory Affairs

C: Ms. Sharron Wilkins
Ms. Amanda Hwang
Mr. Pat Murphy
Mr. Russell Perkins

Chattanooga Gas Company
PBR Filing For ACA Year Ended June 30, 2005

Summary Sheet
Gas Cost Over (Under) Benchmark
July 1, 2004 through June 30, 2005

	SONAT (FOM)	Tenn/Z0 (FOM)	Tenn/500leg (FOM)	Tenn/800leg (FOM)	Tenn/Z1 (FOM+Nora)	SONAT (FOM+Storage)	Tenn/Z1 (FOM+Storage)	Tenn/Z1 (FOM+City Gate)	SONAT (Gas Daily)	Tenn/Zone 0 (Gas Daily)	Tenn500L (Gas Daily)	Tenn800L (Gas Daily)	Tenn500L (Gas Daily - NORA)	SONAT (Gas Daily - City Gate)	Tenn500L (Gas Daily - City Gate)	Cost Over (Under) Benchmark \$	%
Jun-04	\$ -	\$ -	\$ -	\$ -	\$ (284.07)	\$ (312.04)	\$ (10,741.95)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,338.05)	-0.1987%
Aug-04	\$ -	\$ -	\$ -	\$ -	\$ 46.61	\$ 335.70	\$ 2,985.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,367.62	0.0821%
Sep-04	\$ -	\$ -	\$ -	\$ -	\$ 487.86	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,188.53)	\$ -	\$ -	\$ -	\$ (700.67)	-0.0635%
Oct-04	\$ -	\$ -	\$ -	\$ -	\$ 895.76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 935.08	\$ -	\$ -	\$ 1,830.84	0.0772%
Nov-04	\$ -	\$ -	\$ -	\$ -	\$ 7,259.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,259.36	0.3254%
Dec-04	\$ -	\$ -	\$ (671.21)	\$ -	\$ (58,522.28)	\$ -	\$ -	\$ -	\$ (8.72)	\$ (393.23)	\$ -	\$ -	\$ 7,499.05	\$ -	\$ -	\$ (51,703.16)	-0.5198%
Jan-05	\$ -	\$ -	\$ -	\$ -	\$ 20,831.22	\$ -	\$ -	\$ -	\$ (0.00)	\$ -	\$ -	\$ 4,860.00	\$ 5,932.12	\$ -	\$ -	\$ 31,230.12	0.4474%
Feb-05	\$ -	\$ -	\$ -	\$ -	\$ (3,581.94)	\$ -	\$ -	\$ -	\$ (0.01)	\$ 2.79	\$ 15.52	\$ 0.00	\$ 12,523.90	\$ -	\$ -	\$ 8,941.96	0.1684%
Mar-05	\$ -	\$ -	\$ -	\$ -	\$ 124,698.39	\$ -	\$ -	\$ -	\$ (21.45)	\$ (14.24)	\$ -	\$ 22.81	\$ 33,772.87	\$ -	\$ -	\$ 158,512.37	3.0672%
Apr-05	\$ -	\$ -	\$ -	\$ -	\$ (74,797.26)	\$ -	\$ -	\$ -	\$ (60.78)	\$ -	\$ -	\$ 934.68	\$ -	\$ -	\$ -	\$ (74,793.24)	-1.4967%
May-05	\$ -	\$ -	\$ -	\$ -	\$ (26,017.35)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25,143.24)	-0.5559%
Jun-05	\$ -	\$ -	\$ -	\$ -	\$ 92,397.84	\$ (18,693.96)	\$ 96,729.35	\$ -	\$ -	\$ -	\$ -	\$ (4.15)	\$ -	\$ -	\$ -	\$ 170,431.29	2.9869%
% Bench	0.0000%	0.0000%	-0.0346%	0.0001%	0.5302%	-1.1539%	1.3213%	#DIV/0!	-0.0022%	-0.0416%	0.0015%	0.0780%	2.8955%	#DIV/0!	0.0000%	\$ 217,895.21	0.3747%

Total CGC Purchase Gas Cost \$ 58,366,239.92
Total Benchmark Purchase Gas Cost \$ 58,148,344.71