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March 10, 2006

MEMORANDUM

TO: Docket Room

FROM: Ginger Collier
Telecommunications Consultant
Utilities Division

SUBJECT: DOCKET NO. 05-00322 – CHATTANOOGA GAS COMPANY
ANNUAL INCENTIVE PLAN FILING FOR 12 MONTHS ENDED
JUNE 30, 2005

On March 7, 2006, Staff issued a data request to Chattanooga Gas Company regarding Chattanooga Gas Company's Annual Incentive Plan Filing for 12 Months Ended June 30, 2005 Docket No. 05-00322. In the data request, however, the docket was mistakenly referred to as Docket No. 05-00332. Please file the data request in Docket No. 05-00322. Staff will inform Chattanooga Gas Company of the error and request that the response reference the correct docket, Docket No. 05-00322.

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

March 7, 2006

Mr. Archie R. Hickerson
Director- Regulatory Affairs
150 West Main Street
Suite 1510
Norfolk, VA 23502

RE: DOCKET NO. 05-00332 – CHATTANOOGA GAS COMPANY ANNUAL
INCENTIVE PLAN FILING FOR 12 MONTHS ENDED JUNE 30, 2005

Dear Mr. Hickerson:

On December 1, 2005, Chattanooga Gas Company filed a letter expressing intent to file tariff changes that would revise the procedure for computing a surrogate index for NORA purchases. In the spreadsheets attached to the filing, Chattanooga Gas Company compares prices for several types of purchases with adjusted indexes. Specifically, Chattanooga Gas Company reports:

- Tenn/Z1 FOM adjusted for NORA
- SONAT FOM adjusted for Storage
- Tenn/Z1 FOM adjusted for Storage
- Tenn/Z1 FOM adjusted for City Gate
- Tenn 500L Gas Daily adjusted for NORA
- SONAT Gas Daily adjusted for City Gate
- Tenn 500L adjusted for City Gate

Please provide detailed calculations for each index adjustment.

It is requested that this information be provided no later than 2:00 p.m. on March 27, 2006, and that you reference Docket No. 05-00332 on the response. In accordance with TRA rules submit either (1) thirteen written copies of your response or (2) four written copies and an electronic version. Should you have any questions regarding this request, please contact Ginger Collier at (615) 741-2904, ext. 174.

Sincerely,

Darlene Standley, Chief
Utilities Division