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February 8, 2006

VIA HAND DELIVERY

Chairman Ron Jones
c/o Sharla Dillon, Dockets Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-00505

Re: Docket 06-00026 Petition of Chattanooga Gas Company for a Temporary Modification to the Procedure for Calculating the IMCR Refund Credit

Dear Chairman Jones:

Upon Chattanooga Gas Company's filing the proposed eighth revision to Sheet No. 48 of its Tariff on February 7, 2006 as directed by the Tennessee Regulatory Authority, the Staff has asked the Company to move the placement of the proposed modified language. To comply with the Staff's request, the Company is filing the enclosed original and thirteen (13) copies of the revision to Sheet No. 48 of its Tariff and respectfully requests that this revision be substituted for the one filed on February 7, 2006.

If you have any questions, please call me at 254-9146 or Archie Hickerson at 757-616-7510.

Sincerely yours,

Jennifer L. Brundige

Jennifer L. Brundige

Enclosures

cc: Elizabeth Wade, Esq.
Archie Hickerson
Steve Lindsey

INTERRUPTIBLE MARGIN CREDIT RIDER

APPLICABILITY

This Rider shall apply to and become part of each of Chattanooga Gas Company's (Company's) Rate Schedules under which gas is sold on a firm basis (hereinafter referred to as "Firm Schedule").

INTENT AND APPLICATION

This Interruptible Margin Credit Rider is intended to authorize the Company to recover ninety percent (90%) of the gross profit margin losses that result from rates negotiated under the provisions of Special Service Rate Schedule SS-1 or from Customers who switch to alternate fuels where the Company is unable to meet alternate fuel competition.

This Interruptible Margin Credit Rider is also intended to authorize the Company to recover not more than fifty percent (50%) of the gross profit margin that results from transactions with non-jurisdictional Customers that rely on the Company's gas supply assets (all such transactions including off-system sales) should such transactions be made by the Company.

DETERMINATION OF GROSS PROFIT MARGIN LOSSES

The gross profit margin loss shall be calculated as ninety percent (90%) of the difference between the Test-Year Targeted Rate Margin as determined in the Company's most recent rate case order of the Authority and the Actual Negotiated Rate Margin.

Any amount of gross profit margin losses shall be recovered from the firm commodity component of gas costs as determined under the presently effective Purchased Gas Adjustment Provision.

FILING WITH THE AUTHORITY

Each negotiated rate gross profit margin loss accounting/recovery period shall correspond with the Company's Fiscal Year which ends December 31, each year unless modified and approved by the Authority upon a showing of good cause.

The Company shall charge all authorized negotiated rate gross profit margin losses to the "Deferred Gas Cost" account in accordance with Section III.C. of the Authority's PGA Docket No. G86-1 and shall file the supplemental sheets required by this Rule showing the calculation of the margin losses.

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