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Chattanooga TN 3742

2006/21

Chattanooga Gas

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TN REGULATORY AUTHORITY  
UTILITIES DIVISION

April 19, 2007

Mrs. Pat Murphy  
Utilities Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville TN 37243-0505

RE: Docket 06-00026

Dear Mrs. Murphy,

As we discussed this morning, on November 21, 2006 Chattanooga Gas Company provided a copy of its tariff that reflected the proposed changes in Docket 06-00175. The Tariff provided at that time included all tariff sheets including Sheet No. 48 "Interruptible Margin Credit Rider." While no changes to Sheet No. 48 were proposed in Docket 06-00175, the Authority had issued, on October 30, 2006, an Order in Docket 06-00026 providing for changes to the last paragraph under the section titled "Filing with the Authority." Inadvertently the document provided on November 21, 2006 did not include those changes.

It is requested that the enclosed Eighth Revised Sheet No. 48 that includes the changes approved by the Authority's October 30, 2006 Order in docket 06-00026 be substituted for the Seventh Revised Sheet No. 48 included in the document provided on November 21, 2006.

On February 8, 2006 a revised Sheet No. 48 was filed in Docket 06-00026. The revised sheet filed at that time, however, does not correctly reflect the changes approved in the October 30, 2006 Order. As a result, it is requested that a copy of




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the enclosed sheet be placed in the file for that docket as well.

A copy with the changes underlined as well as a clean copy of the tariff sheet is enclosed.

Sincerely,

A handwritten signature in black ink, appearing to read "Archie R. Hickerson". The signature is fluid and cursive, with the first name "Archie" being more prominent.

Archie R. Hickerson

Director-Regulatory Affairs

Cc: Mrs. Darlene Standley  
Ms. Jennifer Brundige

**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.

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 unless modified and approved by the Authority upon showing good cause.

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