

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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T.R.A. DOCKET ROOM

IN RE:)
)
PETITION OF CHATTANOOGA GAS)
COMPANY FOR APPROVAL OF) DOCKET NO. 06-00175
ADJUSTMENTS OF ITS RATES AND,)
CHARGES, COMPREHENSIVE RATE)
DESIGN PROPOSAL, AND REVISED)
TARIFF)

**SECOND DISCOVERY REQUESTS TO CHATTANOOGA GAS COMPANY BY THE
CONSUMER ADVOCATE AND PROTECTION DIVISION OF THE OFFICE OF THE
ATTORNEY GENERAL OF TENNESSEE**

These Interrogatories are hereby served upon Chattanooga Gas Company, a Subsidiary of AGL Resources, Inc. ("Chattanooga Gas" or "Company" or "CGC"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full and complete responses be provided, under oath, pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Timothy Phillips and Steve Butler, by November 3, 2006. This second discovery request is subject to the previous preliminary matters and definitions as the first discovery request.

**SECOND DISCOVERY REQUEST
INTERROGATORIES, REQUESTS TO PRODUCE, AND REQUESTS
FOR ADMISSIONS**

DISCOVERY REQUEST NO. 1:

Provide the total amount of LTIP compensation by employee by plan (“LTIP”, “AIP”, and “OIP”) and the total amount charged to Chattanooga Gas Company by employee by LTIP plan for the last five years ending December 31, 2005. Include in your response the expense amount and the amount capitalized.

DISCOVERY REQUEST NO. 2:

Provide a copy of all contracts provided for all “outsourced” personnel utilized by Chattanooga Gas Company since 2001. Please detail the actual costs detailed by O&M and Capital comparing company personnel (by department) vs. Outsourcing contract, thus providing savings to CGC by year.

DISCOVERY REQUEST NO. 3:

If any contracts for services were terminated, please provide the reasons for terminating the service contract, costs associated with early termination, and a discussion detailing the reasons involved in the selection process of a new service provider.

DISCOVERY REQUEST NO. 4:

Provide all service metrics utilized by Chattanooga Gas to verify the quality of work performed by the contract provider.

DISCOVERY REQUEST NO. 5:

Provide a copy of the actual operating statistics of the metrics detailed in #4 above.

DISCOVERY REQUEST NO. 6:

Provide a summary of any benchmarks required by CGC of the contract service provider against the metrics utilized.

DISCOVERY REQUEST NO. 7:

Provide a summary of other utilities utilizing the contract service provider.

DISCOVERY REQUEST NO. 8:

If the contract service provider is utilized by an affiliate or parent of CGC, please provide a detail of per hour cost of personnel by company, by year.

DISCOVERY REQUEST NO. 9:

Please detail the cost reduction of \$185,000 mentioned in MFG #14 comparing the current costs (by function, Call Center, etc.) vs. the outsourced vendor.

DISCOVERY REQUEST NO. 10:

Provide a copy of the original Stipulation Agreement instituting the Pipeline Replacement Surcharge in Georgia in 1998.

DISCOVERY REQUEST NO. 11:

Provide a summary detailing the miles of replacement mains and services agreed to in the Stipulation (by year) compared with the actual miles of main and services replaced by AGL Resources since 1998.

DISCOVERY REQUEST NO. 12:

Provide copies of all subsequent Stipulation Agreements for Pipeline Replacement Surcharges in Georgia since 1998.

DISCOVERY REQUEST NO. 13:

Admit that Dr. Morin is or was a reviewer for the scholarly magazine Journal of Finance.

DISCOVERY REQUEST NO. 14:

Admit that Dr. Morin occasionally reads the Journal of Finance.

DISCOVERY REQUEST NO. 15:

Admit that Dr. Morin has published articles in the Journal of Finance.

DISCOVERY REQUEST NO. 16:

Admit that the scholarly magazine Journal of Finance published an article named The Equity Premium authored by Eugen Fama and Kenneth French in the magazine's April 2002 issue.

DISCOVERY REQUEST NO. 17:

Admit that the article named The Equity Premium says that the historical equity premiums from 1951 to 2000 ranged from 2.55% to 4.32%.

DISCOVERY REQUEST NO. 18:

Admit that in the TRA docket 06-00175 Dr. Morin testifies that the historical risk premium is 7.3%.

DISCOVERY REQUEST NO. 19:

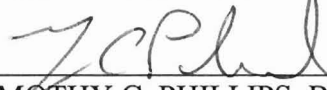
Provide the dividend growth rate for each of the 1800 companies Dr. Morin listed in his response to CAPD request in 27 in a working excel file and provide such data from the "VLIA 06/2006 Edition" cited by Dr. Morin in his direct testimony before the Authority.

DISCOVERY REQUEST NO. 20:

For each regulatory commission listed on page 3 of Dr. Morin's direct testimony in the Authority's current docket 06-00175, provide copies of testimony given by Dr. Morin from January

1, 2005 to October 19, 2006, where Dr. Morin cites the “Value Line Composite Index” and its “average projected dividend growth rate” or “VLIA software” in his testimony.

RESPECTFULLY SUBMITTED,



TIMOTHY C. PHILLIPS, B.P.R. #12751
Senior Counsel



STEPHEN R. BUTLER, B.P.R. #14772
Assistant Attorney General

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Consumer Advocate & Protection Division
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on parties below via U.S. Mail, On October 20, 2006:

J.W. Luna, Esq.
Jennifer Brundige, Esq
Farmer & Lunda, PLLC
333 Union Street, Suite 300
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David C. Higney, Esq.
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A handwritten signature in cursive script, reading "Steve Butler", written over a horizontal line.

STEPHEN R. BUTLER
Assistant Attorney General

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