

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

October 24, 2006

IN RE:

**PETITION OF CHATTANOOGA GAS)
COMPANY FOR APPROVAL OF)
ADJUSTMENT OF ITS RATES AND)
CHARGES, COMPREHENSIVE RATE)
DESIGN PROPOSAL, AND REVISED TARIFF)**

Docket No. 06-00175

**CHATTANOOGA GAS COMPANY'S OBJECTIONS TO
THE SECOND ROUND OF DISCOVERY REQUESTS**

Pursuant to the October 12, 2006 Second Order Modifying Procedural Schedule, Chattanooga Gas Company ("CGC" or "Company") files these Objections to the Second Round of Discovery Requests of the Consumer Advocate and Protection Division ("CAPD") and the Chattanooga Manufacturers Association ("CMA").

A. Questions Relating to Asset Management

CMA 2, 3, 15, and 16

Objection: These questions relate to Chattanooga Gas Company's ("CGC") asset management agreements and its asset manager's management of its capacity assets, neither of which impact base rates, the revenue requirement, or any rate design issues included in this rate case. Rather, all costs associated with capacity assets, as well as all revenues from CGC's asset manager's management of the capacity assets, are reviewed in the annual Actual Cost Adjustment ("ACA") audit pursuant to the Purchased Gas Adjustment ("PGA") Rule, and thus are not relevant to determinations to be made in this docket. Accordingly, CGC objects to the requests as not reasonably calculated to lead to

the discovery of admissible evidence, overly broad and unduly burdensome, and seeking confidential, proprietary or trade secret information.

Further, in the Joint Proposed Procedural Schedule (filed on August 9, 2006), CGC agreed to a Phase II to address its proposed Energy Conservation Plan ("ECP") and Conservation Usage Adjustment ("CUA"). At this time, however, the CAPD and the CMA have not specifically identified the other issues that they intend to raise during the Phase II hearing, and pursuant to the Joint Proposed Procedural Schedule, CGC has retained the right to object to issues raised by the CAPD or the CMA in part as being beyond the scope of a traditional rate case. Regarding Phase II, CGC submits that the issues to be addressed in Phase II must be determined before CGC can determine whether these questions are appropriate for Phase II discovery.

B. Questions That Are Overly Broad

CMA 1 and 4

Objection: In these questions, the CMA seeks "all documents" and "any and all data" relative to the requests. CGC objects to these requests as not reasonably calculated to lead to the discovery of admissible evidence, overly broad and unduly burdensome, vague and ambiguous, and seeking privileged, confidential, proprietary or trade secret information. Without waiving said objection, CGC will provide all documents and/or any data as requested in the questions that are responsive to the requests and will be relied upon by the Company during the rate case.

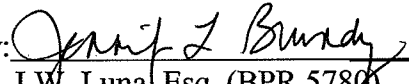
C. Copyright Issues

CAPD 19

Objection: This question seeks information protected by copyright laws. If the CAPD does not have a license to use electronic Value Line data, CGC cannot provide this information in excel or any other electronic format beyond its custody and control without violating copyright laws. CGC has previously objected and explained at the August 23, 2006 status conference that Value Line information cannot be provided in the electronic format requested by the CAPD because of U.S. Copyright laws. During the first round of discovery, CGC provided Value Line information in paper form and is again providing the information requested by the CAPD in paper form. In an attempt to accommodate the CAPD's request for the information electronically and comply with copyright laws, CGC has offered to allow the CAPD to come to its attorneys' offices in Nashville to use the information in an electronic format while the information remains under its custody and control and thus does not create a copyright violation.

Respectfully submitted,

FARMER & LUNA, PLLC

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CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of October 2006, a true and correct copy of the foregoing was served on the persons below by U.S. Mail or email:

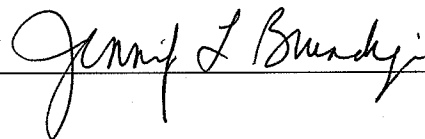
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A handwritten signature in cursive script, reading "Jennifer L. Brundage", is written over a horizontal line.