

# FARMER & LUNA

A PROFESSIONAL LIMITED LIABILITY COMPANY

ATTORNEYS AT LAW

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Jennifer L. Brundige  
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December 4, 2006

## VIA HAND DELIVERY

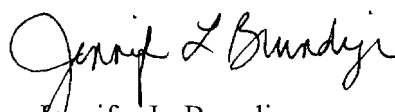
Chairman Sara Kyle  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-00505

Re: Docket 06-00175 Petition of Chattanooga Gas Company to Increase Rates,  
Including a Comprehensive Rate Design Proposal and Revised Tariff

Dear Chairman Kyle:

Chattanooga Gas Company ("Company") has published legal notice of its proposed rate change pursuant to Rule 1220-4-1-.05. The legal notice was published on November 30, 2006 in the Chattanooga Times Free Press, a newspaper of general circulation in the Company's service area. I have enclosed an original and thirteen copies of the legal notice. The copies have been reduced in size from the original publication to fit on legal paper. The notice was also posted on November 30, 2006 at the Company's business office located at 2207 Olan Mills Drive, Chattanooga, Tennessee 37421.

Sincerely yours,

  
Jennifer L. Brundige

Enclosure

cc: Parties of Record  
Elizabeth Wade, Esq.  
Steve Lindsey  
Archie Hickerson  
Mike Morley

December 4, 2006

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**CERTIFICATE OF SERVICE**

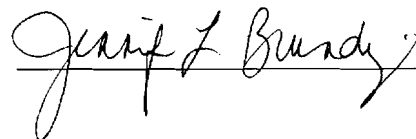
I hereby certify that on this 4<sup>th</sup> day of December 2006, a true and correct copy of the foregoing was served on the persons below by U.S. mail postage prepaid, email, or hand delivery:

Richard Collier  
General Counsel  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-00505

Cynthia Kinser, Deputy  
Timothy Phillips  
Stephen Butler  
Consumer Advocate and Protection Division  
Office of Attorney General  
2<sup>nd</sup> Floor  
425 5<sup>th</sup> Avenue North  
Nashville, TN 37243-0491

David C. Higney  
Catharine H. Giannasi  
Grant, Konvalinka & Harrison, P.C.  
Ninth Floor, Republic Center  
633 Chestnut Street  
Chattanooga, TN 37450-0900

Henry M. Walker  
Boult, Cummings, Conners, & Berry, PLC  
1600 Division Street, Suite 700  
Nashville, TN 37203

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

# STATE OF TENNESSEE HAMILTON COUNTY

Before me personally appeared Sharon Graham who being duly sworn, that she is the Legal Sales Representative of the "CHATTANOOGA TIMES FREE PRESS:" and that the Legal Notice of which the following is a true copy:

Has been published in the above said Newspaper on the following dates, to-wit:

## **Legal Attached**

**NOVEMBER 30, 2006**

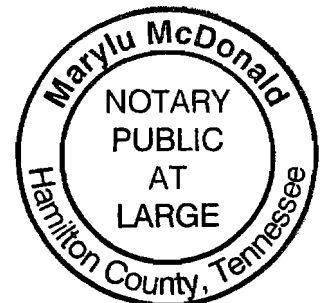
The full number of times required by law, and that there is due the "CHATTANOOGA TIMES FREE PRESS" for publication of such notice the sum of \$2,938.00 Dollars. (Includes \$10.00 Affidavit Charge.

Sharon Graham

Sworn to and subscribed before me, this 30th day of November, 2006.

Maryl McDonald  
My Commission Expires 06/21/08

**Chattanooga Times Free Press**



# LEGAL NOTICE

Notice is hereby given that Chattanooga Gas Company (the Company) filed a Petition with the Tennessee Regulatory Authority (TRA) on June 30, 2006 in Docket Number 06-00175, proposing to change certain rates for natural gas service now in effect. The rates proposed by the Company are subject to approval by the TRA. The TRA may adopt, reject, increase or decrease any of the proposed rates in part or in whole. A complete copy of the proposed rate changes and the reasons for them are on file with the TRA and are open for public inspection. The Company has requested this change in rates in order to permit it an opportunity to recover its reasonable operating costs and to earn a fair and reasonable rate of return on its investment. The predicted impact of the proposed changes on the average residential customer is an increase of approximately \$76.27 per year. The predicted impact of the proposed changes on the average small commercial class customer is an increase of approximately \$110.00 per year with the increase for the total non-residential classes being approximately 2.67%. The Company also seeks approval of the Chattanooga Assisted Rate for Energy Service (CARES) Program. The CARES Program would provide for the waiver of the monthly customer charge for qualifying elderly low-income customers. The matter has been set for hearing on Tuesday, December 5, 2006 beginning at 9:00 am in the TRA's Hearing Room on the Ground Floor at 460, James Robertson Parkway, Nashville Tennessee. The Company's current and proposed monthly rates are as follows and do not include gas cost that is recovered through the Purchased Gas Adjustment:

Current	Proposed
Per Occurrence	Per Occurrence
Turn On Charge \$15.00	Turn On Charge \$15.00
Meter Set \$25.00	Meter Set \$25.00
Returned Check \$20.00	Returned Check \$20.00
Reconnect Charge \$50.00	Reconnect Charge \$50.00
Seasonal Reconnect Charge	Seasonal Reconnect Charge
Residential \$50.00	Residential \$50.00
Commercial \$50.00	Commercial \$50.00

## Residential, Rate Schedule (R-1)

Customer Charge	Per Bill
Winter	\$7.50
Summer	\$7.50

Commodity	Per Therm
Winter Block 1 (first 25 )	\$0.29385
Winter Block 2 (next 25 )	\$0.20265
Winter Block 3 (over 50 )	\$0.17732

Summer Block 1 (first 25 )	\$0.21279
Summer Block 2 (next 25 )	\$0.15199
Summer Block 3 (over 50 )	\$0.04560

Summer Air-Conditioning	\$0.04560
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Standby Service - Demand	\$0.3000
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## Multi-Family Housing, Rates Schedule (R-4)

Customer Charge	Per Unit
Winter	\$6.00
Summer	\$6.00

Commodity Charge	Per Therm
Winter	\$0.18311
Summer	\$0.16277

Summer Air-Conditioning	\$0.04560
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Standby Service - Demand	\$0.3000
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## Commercial, Rate Schedule (C-1)

Customer Charge	Per Bill
Winter	\$20.00
Summer	\$15.00

Commodity Charge	Per Therm
Winter Block 1 (first 3,000 )	\$0.27667
Winter Block 2 (next 2,000 )	\$0.25253
Winter Block 3 (next 10,000 )	\$0.24599
Winter Block 4 (over 15,000 )	\$0.12727

Summer Block 1 (first 3,000)	\$0.21722
Summer Block 2 (next 2,000 )	\$0.17244
Summer Block 3 (next 10,000 )	\$0.16077
Summer Block 4 (over 15,000 )	\$0.12727

Summer Air-Conditioning	\$0.04560
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Standby Service - Demand	\$0.3000
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## Commercial, Rate Schedule (C-2) Medium Commercial and Industrial General Service , Rate Schedule (C-2) [Currently combined with Rate Schedule C-1]

Customer Charge	Per Bill
Winter	\$20.00
Summer	\$15.00

## Residential, Rate Schedule (R-1)

Customer Charge	Per Bill
Winter	\$13.00
Summer	\$10.50

Commodity	Per Therm
Winter Block 1 (first 50)	\$0.32485
Winter Block 2 (over 50)	\$0.26265

Summer Block 1 (first 50 )	\$0.25279
Summer Block 2 (over 50)	\$0.20165

Summer Air-Conditioning	\$0.04560
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Standby Service - Demand	\$0.7000
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## Multi-Family Housing, Rate Schedule (R-4)

Customer Charge	Per Unit
Winter	\$6.00
Summer	\$6.00

Commodity Charge	Per Therm
Winter	\$0.20483
Summer	\$0.18449

Summer Air-Conditioning	\$0.04560
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Standby Service - Demand	\$0.7000
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## Small Commercial and Industrial, Rate Schedule (C-1)

Customer Charge	Per Bill
Winter	\$29.00
Summer	\$25.00

Commodity Charge	Per Therm
Winter	\$0.32362

Summer	\$0.32362
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Summer Air-Conditioning	\$0.04560
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Standby Service - Demand	\$0.7000
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## Medium Commercial and Industrial General Service , Rate Schedule (C-2) [Currently combined with Rate Schedule C-1]

Customer Charge	Per Bill
Winter	\$75.00
Summer	\$75.00

and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

**Interruptible Service, Rate Schedule (I-1), and Interruptible Transportation Service Rate Schedule (T-1) [Note: Commercial and Industrial Interruptible Sales Service Rate Schedule L-1 is re-designated as Rate Schedule I-1]**

Customer Charge	Per Bill
	\$300.00
Commodity Charge	Per Dekatherm
Block 1 (first 1,500)	\$0.8945
Block 2 (next 2,500)	\$0.7644
Block 3 (next 11,000)	\$0.4335
Block 4 (over 15,000)	\$0.2664

## Gas in Excess of Curtailment Volumes

The greater of the rate of (1.) \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

**Interruptible Transportation Service Rate Schedule (T-1) and Interruptible Transportation Service with Firm Gas Supply Backup, Rate Schedule (T-2)**

Imbalance:

If the Customer consumes more gas than it has delivered to the Company, the customer will be deemed to be "short" by the amount of the deficiency, the Company will sell gas to the Customer in an amount equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in Gas Daily published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline time the premium percentage corresponding to the percentage of the deficiency listed in the table below. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in Gas Daily published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline time the discount percentage corresponding to the percentage of the deficiency listed in the table below:

Imbalance	Short Premium	Long Discount
Less 5%	100%	100%
5% < but ≤ 10%	115%	85%
10% < but ≤ 15%	130%	70%
15% < but ≤ 19%	140%	60%
Equal to or greater than 20%	150%	50%

The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from the Daily Price Survey.

Southern Natural, La	X	37%
Tennessee, La, 0	X	15%
Tennessee, La, 500 Leg	X	24%
Tennessee, La, 800 Leg	X	24%

## Low Volume Transport (T-3)

Customer Charge	Per Bill
Winter	\$20.00
Summer	\$15.00

Commodity Charge	Per Therm
Winter Block 1 (first 3,000 )	\$0.27667
Winter Block 2 (next 2,000 )	\$0.25253
Winter Block 3 (next 10,000 )	\$0.24599
Winter Block 4 (over 15,000 )	\$0.12727

Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

**Interruptible Service, Rate Schedule (I-1), and Interruptible Transportation Service Rate Schedule (T-1) [Note: Commercial and Industrial Interruptible Sales Service Rate Schedule L-1 is re-designated as Rate Schedule I-1]**

Customer Charge	Per Bill
	\$300.00
Commodity Charge	Per Dekatherm
	\$3421

## Gas in Excess of Curtailment Volumes

The greater of the rate of (1.) \$25.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

**Interruptible Transportation Service Rate Schedule (T-1) and Interruptible Transportation Service with Firm Gas Supply Backup, Rate Schedule (T-2)**

Imbalance:

If the Customer consumes more gas than it has delivered to the Company, the customer will be deemed to be "short" by the amount of the deficiency, the Company will sell gas to the Customer in an amount equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in Gas Daily published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline time the premium percentage corresponding to the percentage of the deficiency listed in the table below. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in Gas Daily published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline time the discount percentage corresponding to the percentage of the deficiency listed in the table below:

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The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from the Daily Price Survey.

Southern Natural, La	X	37%
Tennessee, La, 0	X	15%
Tennessee, La, 500 Leg	X	24%
Tennessee, La, 800 Leg	X	24%

## Low Volume Transport (T-3)

Customer Charge	Per Bill
Winter	\$75.00
Summer	\$75.00

Commodity Charge	Per Therm
Winter	\$19758