

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

August 9, 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

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JOINT PROPOSED PROCEDURAL SCHEDULE

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On August 2, 2006, Chattanooga Gas Company ("CGC" or "Company") requested permission from the Hearing Officer for the parties to meet and clarify their understanding of the issues to be addressed in the revenue requirement phase and the rate design phase of the bifurcated rate case as set forth in the Hearing Officer's Procedural Schedule. The Consumer Advocate and Protection Division ("CAPD") and the Chattanooga Manufacturers Association ("CMA") requested that the parties be allowed to meet and submit a substitute schedule. The Hearing Officer ordered the parties to either file a proposed procedural schedule or report as to why an agreed schedule was not reached by 2 p.m. on August 8, 2006.

Representatives of CGC, the CAPD, and the CMA ("the Parties") met on Friday, August 4, 2006, and continued to engage in discussions through the morning of Tuesday, August 8, 2006. As the Parties were close to reaching agreement, they requested permission to make a joint agreed filing by 2:00 p.m. on August 9, 2006, to which the Hearing Officer agreed. The Parties are jointly submitting the agreed alternative

procedural schedule as set forth herein and in Exhibit A, which is attached hereto and incorporated herein by reference.

The Parties have agreed that traditional rate design issues, including the class cost of service study, should be considered during the revenue requirement phase. Further, the Parties have agreed that the Company's proposed Energy Conservation Plan ("ECP"), including recovery of costs associated with the ECP, and Conservation Usage Adjustment ("CUA"), including the rate design for the CUA, will be considered in Phase II.

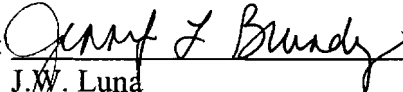
The Parties have agreed to include in the proposed Procedural Schedule a proposed date for an Authority ruling for Phase I on or before December 31, 2006, that will allow for rates to be effective by January 1, 2007. Likewise, the Parties have agreed to include in the proposed Procedural Schedule a proposed date for an Authority ruling for Phase II on a conservation plan and its associated rate design. All Parties reserve the right to raise any and all objections to any additional issues that may be proposed for Phase II.

The TRA reviews all gas costs and the related revenues, including revenues from non-jurisdictional use of gas supply assets, in the annual ACA audit pursuant to Rule 1220-4-7. Currently, the treatment of CGC's asset management agreement and the related revenue are before the TRA in dockets 04-00402/403 and 05-00321/322. CGC believes that these dockets are more appropriate forums for addressing the treatment of asset management agreements and the related revenue. The Company will not object to a petition to intervene filed by the CAPD or the CMA in either of these dockets, or similar dockets opened in 2006 or thereafter, unless these issues are being or have been raised and are being or have been litigated during Phase II. CGC acknowledges that the CAPD


and CMA believe that these issues are more appropriately addressed in Phase II of the present docket.

Exhibit A setting forth the agreed deadlines for Phase I and Phase II is incorporated by reference herein.

Respectfully submitted,

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#### CERTIFICATE OF SERVICE

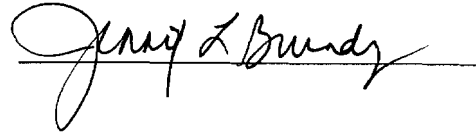
I hereby certify that on this 9th day of August 2006, a true and correct copy of the foregoing was served on the person below by U.S. Mail:

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General Counsel  
Tennessee Regulatory Authority  
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A handwritten signature in cursive script, appearing to read "Henry M. Walker", is written over a horizontal line.

**EXHIBIT A****Procedural Schedule  
TRA Docket 06-00175****Phase I**

August 11, 2006	1 <sup>st</sup> Round of Discovery Due
August 17, 2006	Discovery Objections Due
August 23, 2006	Status Conference
September 5, 2006	Discovery Responses Due
October 9, 2006	Intervenor's Pre-Filed Testimony Due
October 16, 2006	2 <sup>nd</sup> Round of Discovery Due
October 20, 2006	Discovery Objections Due
October 26, 2006	Status Conference (Parties will report on settlement talks.)
October 31, 2006	Discovery Responses Due
November 14, 2006	Company's Pre-Filed Rebuttal Testimony Due
December 6-8, 2006	Hearing on the Merits (Includes Traditional Rate Design Issues)
On or Before December 31, 2006	Authority Ruling Allowing Rates to Become Effective January 1, 2007

**Procedural Schedule  
TRA Docket 06-00175**

**Phase II**

February 9, 2007	Proposed Issues List Filed
February 16, 2007	Status Conference on Proposed Issues List (if necessary) and To Address Any Objections to Proposed Issues List
March 9, 2007	1 <sup>st</sup> Round of Discovery Due
March 15, 2007	Discovery Objections Due
March 21, 2007	Status Conference
April 10, 2007	Discovery Responses Due
May 10, 2007	Pre-Filed Testimony Due From Intervenors
May 24, 2007	2 <sup>nd</sup> Round of Discovery Due
May 31, 2007	Discovery Objections Due
June 6, 2007	Status Conference (Parties will report on settlement talks.)
June 25, 2007	Discovery Responses Due
July 17, 2007	Pre-Filed Rebuttal Testimony From the Company
August 21-24, 2007	Hearing on the Merits
On or Before September 31, 2007	Authority Ruling