

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

August 15, 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 MANUFACTURERS ASSOCIATION
FIRST ROUND OF DISCOVERY TO
CHATTANOOGA GAS COMPANY**

The Chattanooga Manufacturers Association ("CMA") hereby serves the following discovery requests to Chattanooga Gas Company ("CGC" or the "Company").

DEFINITIONS

1. Unless otherwise noted, "Company" or "CGC" means Chattanooga Gas Company, and its present and former officers, employees, agents, representatives, directors, and all other persons acting or purporting to act on behalf of Chattanooga Gas Company.
2. The terms "you" and "your" refer to Chattanooga Gas Company.
3. "The term "person" means any natural person, corporation, corporate division, partnership, other unincorporated association, trust, government agency, or entity.
4. The term "document" shall have the broadest possible meaning under applicable law. "Document" means every writing or record of every type and description that is in the possession, custody or control of Chattanooga Gas Company, including, but not limited to, correspondence, memoranda, drafts, workpapers, summaries, stenographic or handwritten notes, studies, publications, books, pamphlets, reports, surveys, minutes or statistical compilations, computer and other electronic records or tapes or printouts, including, but not limited to,

electronic mail files; and copies of such writings or records containing any commentary or notation whatsoever that does not appear in the original. The term "document" further includes, by way of illustration and not limitation, schedules, progress schedules, time logs, drawings, computer disks, charts, projections, time tables, summaries of other documents, minutes, surveys, work sheets, drawings, comparisons, evaluations, laboratory and testing reports, telephone call records, personal diaries, calendars, personal notebooks, personal reading files, transcripts, witness statements and indices.

5. The term "referring or relating to" means consisting of, containing, mentioning, suggesting, reflecting, concerning, regarding, summarizing, analyzing, discussing, involving, dealing with, emanating from, directed at, pertaining to in any way, or in any way logically or factually connected or associated with the matter discussed.

6. "And" and "or" as used herein shall be construed both conjunctively and disjunctively and each shall include the other whenever such construction will serve to bring within the scope of these discovery requests any information that would otherwise not be brought within their scope.

7. "Affiliate" or "affiliated" means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another entity.

8. "Identify" or "identifying" or "identification" when used in reference to a document means to provide with respect to each document requested to be identified by these discovery requests a description of the document that is sufficient for purposes of a request to produce or a subpoena duces tecum, including the following:

- a) the type of document (e.g., letter, memorandum, etc.);

- b) the date of the document;
- c) the title or label of the document;
- d) the Bates number or other identifier used to number the document for use in litigation;
- e) the identity of the originator;
- f) the identity of each person to whom it was sent;
- g) the identity of each person to whom a copy or copies were sent;
- h) a summary of the contents of the document;
- i) the name and last known address of each person who presently has possession, custody or control of the document; and
- j) if any such document was, but is no longer, in your possession, custody or control or is no longer in existence, state whether it: (1) is missing or lost; (2) has been destroyed; or (3) has been transferred voluntarily or involuntarily, and, if so, state the circumstances surrounding the authorization for each such disposition and the date of such disposition.

GENERAL INSTRUCTIONS

1. If you contend that any response to any data request may be withheld under the attorney-client privilege, the attorney work product doctrine or any other privilege or basis, please state the following with respect to each such response in order to explain the basis for the claim of privilege and to permit adjudication of the propriety of that claim:

- a) the privilege asserted and its basis;
- b) the nature of the information withheld;

- c) the subject matter of the document, except to the extent that you claim it is privileged.

2. These discovery requests are to be answered with reference to all information in your possession, custody or control or reasonably available to you. These discovery requests are intended to include requests for information, which is physically within your possession, custody or control as well as in the possession, custody or control of your agents, attorneys, or other third parties from which such documents may be obtained.

3. If any data request cannot be answered in full, answer to the extent possible and specify the reasons for your inability to answer fully.

4. For each data request, provide the name of the company witness(es) or employee(s) responsible for compiling and providing the information contained in each answer.

DISCOVERY REQUESTS

1. Please provide details of the available volumes of storage made in the Company's Rate Schedule SF-1 filing in 2005, and the posted rates a-f pursuant to the SF-1 tariff. Please provide a listing of the customers who tendered bids for the SF-1 rate and the total volume of gas awarded.

RESPONSE

2. Please provide a detailed description of how the rates for the 2005 SF-1 were determined, by whom the decision was made, and whether any agents or employees of Sequent Energy had input into that decision

RESPONSE

3. Base on the amount of available volumes that were not awarded in the 2005 SF-1 filing, please estimate the amount of value the asset manager, Sequent Energy, earned on these volumes and the sharing revenue earned from these volumes.

RESPONSE

4. Please provide the total revenue paid to CGC in the last 12 months attributable to unauthorized gas usage by the T-1 and/or L-1 customers.

RESPONSE

5. For the past 12 months, please provide the total penalties paid by CGC to CGC's pipeline providers for unauthorized gas volumes consumed by CGC.

RESPONSE

6. Please provide a description of how the CGC's asset manager can avoid penalties through the aggregation of capacity under the pipeline's Operating Balance Agreements, and general terms of the interstate pipeline's tariffs that allow some usage threshold before penalties are assessed.

RESPONSE

7. Please provide a working spreadsheet model with all formulas intact of the cost of service study filed in this proceeding.

RESPONSE

8. Please explain why the Company is proposing to increase the unauthorized use charge from \$15 per dekatherm to \$25 per dekatherm. Include any cost justification calculations complete with workpapers.

RESPONSE

9. Please explain why the Company is proposing a demand charge for industrial transportation with partial standby of \$8 per dekatherm as compared to a charge of \$7 per dekatherm for industrial transport with full standby.

RESPONSE

10. Please explain why the demand charge for both industrial transport with full standby and with partial standby are \$3 under present rates.

RESPONSE

11. Please provide the customer size distribution (measured in therms per year) for Rate T-2 with full standby, Rate T-2 with partial standby and Rate T-1 interruptible.

RESPONSE

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: 

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing is being forwarded via email and U.S. mail, postage prepaid, to:

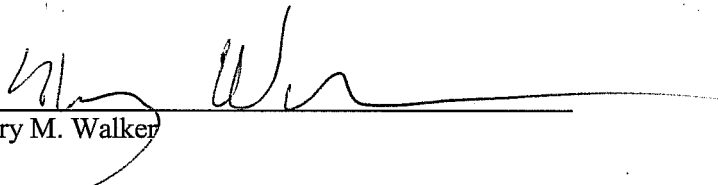
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on this the 15 day of August, 2006.



Henry M. Walker