Counce Natural Gas Company, Inc.
P.O. Box 285
Burnsville, MS 38833
662-427-8287

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T.R.A. DOCKET ROOM

November 7, 2006

Attn: Shara Dillon
Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: ACA Filing- November 2006

06-00278

Dear Ms. Dillon:

Enclosed you will find the enclosed information, along with the copies requested for the 2006 ACA Filing. Thank you.

Sincerely,

Mike Horton, president
Counce Gas Company

COUNCE NATURAL GAS COMPANY
Actual Cost Adjustment
10/01/05-09/30/06
Interest Calculation

Line No.	Month (a)	Beginning Balance (b)	Costs (c)	Recoveries (d)	Ending Balance (Before Int.) (e)	Average Monthly Balance (f)	Interest A/ (g)	Ending Balance With Interest (h)
1	Oct-05	9,868.09	17,272.35	13,726.40	13,414.04	11,641.07	65.77	13,479.81
2	Nov-05	14,317.99	29,758.33	28,836.50	15,239.82	14,778.91	83.50	15,323.32
3	Dec-05	15,239.82	50,198.40	56,095.20	9,343.02	12,291.42	69.45	9,412.47
4	Jan-06	9,343.02	37,385.47	24,405.20	22,323.29	15,833.16	96.32	22,419.61
5	Feb-06	22,323.29	30,917.85	27,977.40	25,263.74	23,793.52	144.74	25,408.48
6	Mar-06	25,263.74	17,142.66	16,560.81	25,845.59	25,554.67	155.46	26,001.05
7	Apr-06	25,845.59	7,309.68	7,392.00	25,763.27	25,804.43	166.44	25,929.71
8	May-06	25,763.27	6,486.48	6,683.04	25,566.71	25,664.99	165.54	25,732.25
9	Jun-06	25,566.71	4,049.85	3,916.72	25,699.84	25,633.28	165.33	25,865.17
10	Jul-06	25,699.84	4,015.34	3,837.82	25,877.36	25,788.60	175.58	26,052.94
11	Aug-06	25,877.36	4,558.30	4,877.49	25,558.17	25,717.77	175.10	25,733.27
12	Sep-06	25,558.17	4,740.06	4,470.22	25,828.01	25,693.09	174.93	26,002.94
13			213,834.77	198,778.80			1,638.15	

A/ Interest rates for the audit period are as follows:

4th Quarter	2005	6.78%
1st Quarter	2006	7.30%
2nd Quarter	2006	7.74%
3rd Quarter	2006	8.17%

COUNCE NATURAL GAS COMPANY
Actual Cost Adjustment
10/1/05 - 9/30/06

			Invoiced Gas Costs		Recoveries							
Line No.	Month (a)	Beginning Balance (b)	Dkt (c)	Costs (d)	Sales (Mcf) (e)	ACA Factor (f)	ACA Recoveries (g)	Sales (Mcf) (h)	PGA Factor (i)	PGA Recoveries (j)	Total Recoveries (k)	Ending Balance (l)
1	Oct-05	9,868.09	1,179	17,272.35	920	0.2700	248.40	920	14.6500	13,478.00	13,726.40	13,414.04
2	Nov-05	13,414.04	2,023	29,758.33	1,925	0.2700	519.75	1,925	14.7100	28,316.75	28,836.50	14,335.87
3	Dec-05	14,335.87	4,032	50,198.40	4,410	0.4800	2,116.80	4,410	12.4500	54,904.50	57,021.30	7,512.97
4	Jan-06	7,512.97	3,037	37,385.47	1,940	0.4800	931.20	1,940	**12.3100**	23,881.40	24,812.60	20,085.84
5	Feb-06	20,085.84	3,379	30,917.85	2,970	0.4800	1,425.60	2,970	**9.1500**	27,175.50	28,601.10	22,402.59
6	Mar-06	22,402.59	2,181	17,142.66	2,037	0.4800	977.76	2,037	7.8600	16,010.82	16,988.58	22,556.67
7	Apr-06	22,556.67	916	7,309.68	896	0.4800	430.08	896	7.9800	7,150.08	7,580.16	22,286.19
8	May-06	22,286.19	819	6,486.48	816	0.4800	391.68	816	7.9200	6,462.72	6,854.40	21,918.27
9	Jun-06	21,918.27	609	4,049.85	566	0.4800	271.68	566	6.6500	3,763.90	4,035.58	21,932.54
10	Jul-06	21,932.54	602	4,015.34	553	0.4800	265.44	553	6.6700	3,688.51	3,953.95	21,993.93
11	Aug-06	21,993.93	577	4,558.30	597	0.4800	286.56	597	7.9000	4,716.30	5,002.86	21,549.37
12	Sep-06	21,549.37	618	4,740.06	563	0.4800	270.24	563	7.6700	4,318.21	4,588.45	**21,700.98**
			19,972	213,834.77	18,193		8,135.19	18,193		193,866.69	202,001.88	

13	Invoiced Gas Costs (10/1/05 - 9/30/06)	164,012.23
14	Gas Cost Recovered (10/1/05 - 9/30/06)	158,480.38
15	Under/(Over) Recovery	5,531.85
16	ACA Surcharges/(Refunds) (10/1/05 - 9/30/06)	270.24
17	Interest	15.47
18	Beginning Balance at 9/30/05	9,868.09
19	**ACA BALANCE INCLUDING INTEREST at 9/30/05 (line15 - line16+line 17 + line 18)**	15,685.65
17	Prior 12 months sales (Oct. 2005 - Sept. 2006)	18,193
18	**ACA FACTOR (line 16/line 17)**	0.8622