

AGL Resources  
Atlanta Gas Light  
Chattanooga Gas  
Elizabethtown Gas  
Elkton Gas  
Florida City Gas  
Virginia Natural Gas  
AGL Networks  
Sequent Energy Management

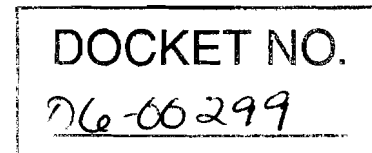
800 477 5463 phone  
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2207 Olan Mills Drive  
Chattanooga TN 3742

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T.R.A. DOCKET ROOM

November 29, 2006

Chairman Sara Kyle  
Tennessee Regulatory Authority  
Attention Sharla Dillon  
460 James Robertson Parkway  
Nashville, TN 37243-0505



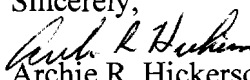
Re: Chattanooga Gas Company Annual Report of Actual Gas Cost and Applicable Indices for the twelve months ended June 30, 2006.

Dear Chairman Kyle,

Pursuant to the provisions of the Performance Based Ratemaking Mechanism approved by the Tennessee Regulatory Authority's January 8, 2002 Order in Docket 01-00619, Chattanooga Gas Company (CGC) is filing an original and thirteen copies of the report of actual gas cost and the applicable index cost for each month of the plan year ended June 30, 2006 (Attachment A). As shown on Attachment A, the commodity cost of gas purchased by CGC during the plan year was approximately 0.23% below the index cost provided by the Tariff.

For the Authority's convenience, spreadsheets showing the volumes of gas, the indices, and the purchase prices for each month and each day are provided as Attachments B & C respectively. Chattanooga Gas Company considers the detailed information on Attachments B & C to be confidential and proprietary. As a result these Attachments are being filed under seal.

Should there be any questions, I will be pleased to discuss this filing in further detail with you. I can be reached at 757-616-7510

Sincerely,  
  
Archie R. Hickerson  
Director-Regulatory Affairs

C: Ms. Sharron Wilkins  
Ms. Amanda Hwang  
Mrs. Pat Murphy  
Mrs. Cynthia Kinser



Chattanooga Gas

Chattanooga Gas Company  
PBR Filing For ACA Year Ended June 30, 2006

**Summary Sheet**  
**Gas Cost Over (Under) Benchmark**  
**July 1, 2005-June 30, 2006**

	SONAT	Tenn/Z0	Tenn/500leg	Tenn/800leg	Tenn/Z1	SONAT	Tenn/Z1	Tenn/Z1	SONAT	Tenn/Zone 0	Tenn500L	Tenn800L	Tenn500L	SONAT	Tenn500L	Cost Over (Under) Benchmark	
	(FOM)	(FOM)	(FOM)	(FOM)	(FOM-Nora)	(FOM-Storage)	(FOM-Storage)	(FOM-City Gate)	(Gas Daily)	(Gas Daily)	(Gas Daily)	(Gas Daily)	(Gas Daily - NORA)	(Gas Daily - City Gate)	(Gas Daily - City Gate)	\$	%
Jul-05	\$ -	\$ -	\$ -	\$ 2.87	\$ 6,671.96	\$ -	\$ 17,151.43	\$ -	\$ -	\$ -	\$ (3.21)	\$ (8.66)	\$ -	\$ -	\$ -	\$ 23,814.40	0.3785%
Aug-05	\$ -	\$ -	\$ -	\$ 2.24	\$ -	\$ (1,058.87)	\$ 4,541.10	\$ -	\$ -	\$ -	\$ (20.50)	\$ -	\$ -	\$ -	\$ -	\$ 3,463.97	0.0512%
Sep-05	\$ -	\$ -	\$ -	\$ 2.96	\$ -	\$ (1,273.57)	\$ (50,567.26)	\$ -	\$ 3.34	\$ -	\$ (31.44)	\$ 0.00	\$ -	\$ -	\$ -	\$ (51,865.96)	-0.6289%
Oct-05	\$ (0.00)	\$ -	\$ -	\$ 3.90	\$ -	\$ (10,240.21)	\$ 6,114.03	\$ -	\$ (3,369.23)	\$ (23.02)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,514.53)	-0.0687%
Nov-05	\$ -	\$ -	\$ -	\$ -	\$ (54,088.04)	\$ -	\$ -	\$ -	\$ 334.94	\$ (47.64)	\$ -	\$ (1,103.67)	\$ -	\$ -	\$ -	\$ (54,904.40)	-0.4622%
Dec-05	\$ -	\$ -	\$ -	\$ -	\$ (50,936.14)	\$ -	\$ -	\$ -	\$ 0.01	\$ (137.57)	\$ -	\$ 168.87	\$ -	\$ -	\$ -	\$ (50,904.83)	-0.2247%
Jan-06	\$ -	\$ -	\$ -	\$ -	\$ (49,953.53)	\$ -	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ 11.58	\$ -	\$ -	\$ -	\$ (49,941.94)	-0.5361%
Feb-06	\$ -	\$ -	\$ -	\$ -	\$ (18,391.59)	\$ -	\$ -	\$ -	\$ 321.48	\$ -	\$ 2,124.18	\$ -	\$ -	\$ -	\$ -	\$ (15,945.93)	-0.2480%
Mar-06	\$ -	\$ -	\$ -	\$ -	\$ (17,377.56)	\$ -	\$ -	\$ -	\$ -	\$ (10.45)	\$ (3.86)	\$ 1.02	\$ -	\$ -	\$ -	\$ (17,390.85)	-0.6382%
Apr-06	\$ -	\$ -	\$ -	\$ -	\$ (3,314.49)	\$ -	\$ -	\$ -	\$ -	\$ (2.45)	\$ (0.63)	\$ -	\$ -	\$ -	\$ -	\$ (3,317.57)	-0.0732%
May-06	\$ -	\$ -	\$ -	\$ -	\$ 445.31	\$ -	\$ -	\$ -	\$ 0.00	\$ -	\$ (7.27)	\$ (7.39)	\$ -	\$ -	\$ -	\$ 430.66	0.0100%
Jun-06	\$ -	\$ -	\$ -	\$ -	\$ (823.43)	\$ -	\$ (271.14)	\$ -	\$ -	\$ -	\$ -	\$ (0.71)	\$ -	\$ -	\$ -	\$ (1,095.28)	-0.0344%
<b>% Bench</b>	<b>\$ (0.00)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11.97</b>	<b>\$ (187,767.50)</b>	<b>\$ (12,572.65)</b>	<b>\$ (23,031.84)</b>	<b>\$ -</b>	<b>\$ (2,709.45)</b>	<b>\$ (218.67)</b>	<b>\$ 2,055.46</b>	<b>\$ (939.57)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (225,172.26)</b>	<b>-0.2315%</b>

Total CGC Purchase Gas Cost: \$ 97,021,245.01  
Total Benchmark Purchase Gas Cost: \$ 97,246,417.27

-0.2315%