

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

November 27, 2007

IN RE:

**CHATTANOOGA GAS COMPANY'S ANNUAL INCENTIVE PLAN
FILING FOR THE TWELVE MONTHS ENDED JUNE 30, 2006**

**DOCKET NO.
06-00299**


**ORDER ADOPTING INCENTIVE PLAN REPORT OF
TENNESSEE REGULATORY AUTHORITY'S UTILITIES DIVISION**

This matter came before Director Eddie Roberson, Director Pat Miller, and Director Ron Jones of the Tennessee Regulatory Authority ("Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 25, 2007, for consideration of the report of the Authority's Utilities Division Audit Staff ("Staff") resulting from the Staff's audit of Chattanooga Gas Company's ("CGC" or the "Company") Performance-Based Ratemaking Tariff ("Incentive Plan" or "IPA") for the year ended June 30, 2006. The Compliance Audit Report ("IPA Report"), attached hereto as Exhibit 1, contains the audit findings and recommendations of the Staff.

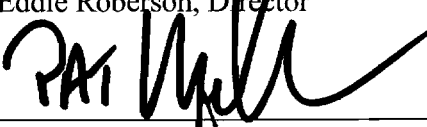
On June 7, 2007, Staff filed the IPA Report. Staff reported no material findings and adopted the recommendations made in CGC's Actual Cost Adjustment ("ACA") Audit.¹ After consideration of the IPA Report, the panel voted unanimously to accept the Staff's IPA Report and to approve the Company's annual IPA filing for the year ended June 30, 2006.

IT IS THEREFORE ORDERED THAT:

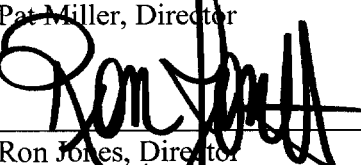
Chattanooga Gas Company's Annual Incentive Plan Filing for 12 Months Ended June 30, 2006 is approved.



Eddie Roberson, Director



Pat Miller, Director



Ron Jones, Director

11-26-07

¹ *Compliance Audit Report of the Performance-Based Ratemaking Tariff (hereinafter "Incentive Plan") for Chattanooga Gas Company for the year ended June 30, 2006, p. 3 (June 7, 2006); see also In re: Chattanooga Gas Company Actual Cost Adjustment for the Twelve Months Ended June 30, 2006, Docket No. 06-00298, Notice of Filing by the Utilities Division of the Tennessee Regulatory Authority (June 7, 2007).*