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2008 MAY 1 PM 1 50

TN REGULATORY AGENCY
May 10 2008 ROOM

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Stephen Butler, Esq.
Consumer Advocate and Protection Division
Office of the Attorney General & Reporter
2nd Floor, 425 5th Avenue North
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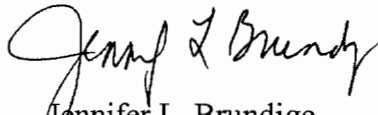
Re: Docket 07-00224

Dear Tim and Steve:

Enclosed please find Chattanooga Gas Company's ("CGC") revised responses to the First Discovery Requests of the Consumer Advocate and Protection Division ("CAPD") that are being produced in accordance with the agreements that we reached on April 24, 2008, and pursuant to the April 29, 2008 Order of the Hearing Officer.

Please note that the Chattanooga Book that is being provided in electronic format on the enclosed CD is confidential and is subject to the Agreed Protective Order in this Docket. Any hard copies that are made from the CD must be stamped Confidential and are subject to the Agreed Protective Order. Further, the IMCR filings contain confidential information which has been marked Confidential. In order to avoid confusion and to maintain all of the IMCR filings together, we have placed them in the marked envelope. Additionally, the attachments to Nos. 28, 35, 63-64 and the response to No. 52 are confidential and are subject to the Agreed Protective Order.

Sincerely yours,


Jennifer L. Brundige

Enclosures

cc: Kelly Cashman-Grams (responses w/o attachments)
TRA Docket Room
Elizabeth Wade, Esq.

Question: 24:

Please provide a complete copy of Sequent's book of profits and losses for Tennessee for the time period from January 1, 2004 through the present by calendar year, or copies of the documents whether or not they are kept in the form of a book.

Revised Response:

See attached for the IMCR filings and the Chattanooga book from October 2004-present.

CONFIDENTIAL - Please note the attachments to this response are confidential and subject to the Agreed Protective Order dated March 4, 2008 in TRA Docket 07-00224.

Question 28:

Please produce copies of Sequent's general accounting ledger and related chart of accounts for the fiscal years ended December 31, 2004, December 31, 2005, December 31, 2006, and December 31, 2007.

Revised Response:

See attached for the chart of accounts.

CONFIDENTIAL - Please note the attachments to this response are confidential and subject to the Agreed Protective Order dated March 4, 2008 in TRA Docket 07-00224.

Question 34:

Please provide copies of all asset management contracts between Sequent and entities other than CGC for the time period from January 1, 2004 through the present.

Question 35:

Please provide copies of all asset management contracts between AGL affiliates and their asset managers for the time period from January 1, 2004 through the present.

Revised Response:

Attached are the asset managements between Sequent and AGL affiliates.

CONFIDENTIAL - Please note the attachments to this response are confidential and subject to the Agreed Protective Order dated March 4, 2008 in TRA Docket 07-00224.

Question 36:

Please explain how the sharing formula and percentages were determined for the asset management contracts between CGC and Sequent for the time period from January 1, 2004 through the present.

Revised Response:

The sharing provisions included in the asset management agreement between CGC and Sequent for the period of January 1, 2004-March 31, 2008 were negotiated by the parties based on CGC's tariff, which includes a 50/50 sharing provision for off-system sales. The sharing provisions in the agreement effective April 1, 2008 were determined through the RFP and bidding process included in CGC's Tariff approved by the Tennessee Regulatory Authority.

Question 46:

Does CGC obtain competitive bids for information, assets, goods or services subsequently purchased from an affiliated entity? If not, document the reasons and circumstances for which CGC deems competitive bids are neither necessary or appropriate. If CGC does obtain such competitive bids, provide copies of documents showing such competitive bids.

Revised Response:

See response to Question 10 for a list of agreements CGC has with affiliates. CGC did not obtain competitive bids for these agreements other than the asset management agreement. It isn't appropriate to obtain the management and support services provided under these agreements through a competitive bid process. All agreements except for the asset management agreement, that was competitively bid, were approved by the Securities and Exchange Commission.

Question 63:

Explain fully how CGC prevents its activities related to contract 410203-R1 from being commingled with Sequent's activities regarding contract 410206-R1.

Question 64:

Does CGC use or has CGC used energy delivered to Sequent at meter 59014 to meet the needs of CGC's ratepayers?

Revised Response:

See attached.

CONFIDENTIAL - Please note the attachments to this response are confidential and subject to the Agreed Protective Order dated March 4, 2008 in TRA Docket 07-00224.

Question 70:

Is CGC the operator of SONAT point 19966, shown in Table 18?

Revised Response:

To the extent that the definition of “point operator” describes the party responsible to allocate and/or manage the differences between scheduled and confirmed volumes at the delivery points and the actual flow through those collective points, CGC is the point operator.

Question 71:

Is CGC the operator of any of CGC's points for East Tennessee pipeline? If so, which points? If not, what entity is the operator of CGC's points for East Tennessee pipeline?

Revised Response:

See response to 70.

Question 77:

If the response is "Yes" to either of the two requests immediately above, then provide copies of all Operating Balance Agreements between CGC and East Tennessee Natural Gas Pipeline, between Sequent and East Tennessee Natural Gas Pipeline, and between AGL and East Tennessee Natural Gas Pipeline.

Revised Response:

Attached is the OBA that is effective for both CGC and AGLC.