Before the

TENNESSEE REGULATORY AUTHORITY

IN RE: DOCKET TO EVALUATE CHATTANOOGA GAS COMPANY'S GAS PURCHASES AND RELATED SHARING INCENTIVES

DOCKET NO. 07-00224

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SURREBUTTAL TESTIMONY
OF
STEVE BROWN

****

June 10, 2009

Before the

TENNESSEE REGULATORY AUTHORITY

IN RE: DOCKET TO EVALUATE CHATTANOOGA GAS COMPANY'S GAS PURCHASES AND RELATED SHARING INCENTIVES

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AFFIDAVIT

I, Steve Brown, Economist, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Surrebuttal Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

STEVE BROWN

Sworn to and subscribed before me this 10th day of June, 2009.

EMILY KNIGHT
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.
My Commission Expires AUG. 23, 2011

NOTARY PUBLIC

My commission expires: Aug. 23, 2011

I. Surrebuttal Testimony Summary.

Q_1. **Please state your name.**

A_1. Dr. Stephen Brown.

Q_2. **What is the purpose of your testimony?**

A_2. My testimony refutes Mr. Sherwood's supplemental testimony of April 1, 2009 in the Tennessee Regulatory Authority's Docket 07-00224.

Mr. Sherwood's testimony has three broad sections in the following order:

- Section 1: "Dr. Brown's Errors In Interpreting AGLC Docket 24960-U And How It Applies To Design Day Load And Capacity Portfolio For CGC." [Sherwood Supplemental, page 6 line 15 to page 16 line 5];

- Section 2: "Dr. Brown's Errors In Describing CGC's Use Of The ETNG OBA."[1] [Sherwood Supplemental, page 16 line 7 to page 20 line 12];

- Section 3: "Dr. Brown's Lack Of Support For His Value Proposition Theory." [Sherwood Supplemental, page 20 line 14 to page 30 line 6].

[1] The term OBA refers to the Operating Balance Agreement between Chattanooga Gas Company (CGC) and the East Tennesssee Natural Gas Pipeline (ETNG).

Mr. Sherwood does not confine his discussion of an issue to just one section in his testimony. For example, Mr. Sherwood discusses the OBA extensively in Section 3 as well as in Section 2. He discusses AGLC Docket 24960-U in Section 3 as well as in Section 1. Thus his testimony is not a group of arguments where one argument is clearly severable from another. They are an interrelated, integrated subject matter.

Accordingly, my testimony provides a complete and accurate rebuttal to Mr. Sherwood's testimony because I identify his testimony which I intend to rebut and then do so.

II. Mr. Sherwood's Exhibit TSS-17 Fails to Rebut the Contention that CGC Used the ETNG Pipeline Less and Less from 2003 to 2005.

Q_3. **Did Mr. Sherwood dispute your contention that CGC used the ETNG pipeline less and less from 2003 to 2005?**

A_3. Yes. He disputes my position on that point in his Exhibit TSS-17.

Q_4. **What was the specific point of Mr. Sherwood's rebuttal in TSS-17?**

A_4. He made two points about the purpose of the exhibit:

To rebut my opinion that from the years 2003 to 2005 "CGC used ETNG less to enhance Sequent's access to ETNG, after it placed the Patriot Project into service..." [Brown Rebuttal, Page 35, Lines 17-19].

To support his opinion that from the years 2003 to 2005 the decline in energy delivered to CGC's ETNG delivery points was caused by third parties shifting their supply source from ETNG to the Southern Natural Gas Pipeline.

Q_5. **Do you agree with Mr. Sherwood's opinion that you "inappropriately added third party deliveries with deliveries for CGC's sales customers?"**

A_5. No. I disagree with his opinion.

Mr. Sherwood used the term "third parties" in TSS-17, but he has not specifically defined this term. I have interpreted "third parties" to reference "Transportation of Gas of Others Through Transmission Facilities", i.e., Transport Customers, as defined by FERC Form 2.

Regarding ETNG's publicly available data on energy deliveries to CGC, there is nothing in the data which allows anyone to separate deliveries according to who scheduled the delivery or who uses the energy. Therefore, it was not possible for me to add deliveries for third parties to deliveries for CGC sales.

The delivery point operator, in this case CGC or Atlanta Gas, should have the data to identify in granular detail who scheduled the energy delivery and who used the energy.

However, in discovery CGC said:

> *"The Company does not have, track or store firm customer usage by delivery meter. Delivered quantities ultimately consumed by firm customers are not discernable from quantities consumed by non-firm customers at any given delivery meter." [CGC Responses and Objections to CAPD's Third Discovery Request, (May 12, 2009), Question 23.]*

In view of CGC's admission, Mr. Sherwood's testimony that I "inappropriately added third party deliveries with deliveries for CGC's sales customers" is not accurate.

Also, CGC's admission begs the question: if, on a delivery point basis, the Company cannot separately identify energy delivered for firm customers from energy delivered for nonfirm customers, then how can the Company make such identifications in total?

Q_6. **Do you agree with Mr. Sherwood's statement that "comparing 2003 to 2005, third party volume deliveries shifted from ETNG to SNG, while CGC's deliveries from ETNG increased from 54% to 61%"?**

A_6. No. I disagree that his table proves that deliveries shifted in the way he describes. There are two issues with TSS-17: A) If Cycle Billed Volumes, as set forth in CGC Discovery Response 14, are substituted for throughput, the data in TSS-17 becomes nonsensical and B) even if you retain the throughput data in TSS-17, the volumes for "Third Party Gas" (throughput by CGC's transportation customers) are too large for the transportation capacity which the third parties had contracted for in 2003 and 2005. These two problems are displayed as "Issue A" and "Issue B" in Brown Surrebuttal Exhibit 1.

- See Brown Surrebuttal Exhibit 1.

Regarding "Issue A", the amounts for throughput are much larger than cycle billed volumes, which are supposed to equate to actual deliveries rather than scheduled deliveries. If he had started his analysis with cycle billed volumes instead of throughput, his results would not have demonstrated that deliveries shifted in the way he describes. TSS-17 is not reliable when the starting point is throughput.

Regarding "Issue B", TSS-17 is not reliable because, even if cycle billed volume is not substituted for throughput, based on the throughput values for "Third Party Gas" the third parties were using too much capacity relative to their contracts. I base my opinion on the fact that the third party load factors exceed 100 percent.

A load factor measures how much capacity is used throughout the year. In Brown Surrebuttal Exhibit 3 and 4, the load factor is calculated as follows: (Throughput x 1000)/(Capacity x 365). This measure has an upper limit of 100 percent, meaning that the capacity is constantly used, and a lower limit of zero percent, meaning that the capacity is never used. The normal use of capacity leads to an annual load factor between these two extremes.

The abnormally high load factors again show that Mr. Sherwood's exhibit is not persuasive.

Brown Surrebuttal Exhibit 3 shows that the Third Parties had annual load factor of 322 percent in 2003 on ETNG.

Brown Surrebuttal Exhibit 4 shows that in 2005, the Third Parties had annual load factor of 340 percent on SONAT and 155 percent on ETNG.

According to my analysis of TSS-17, in 2003 the values for "Third Party Gas" for SONAT are negative. Refer to columns (4) and (6) in Brown Surrebuttal Exhibit 2. Clearly Mr. Sherwood's exhibit raises issues regarding its reliability.

In 2005 "CGC Net Purchases" and "Third Party Gas" turn out to have the same proportions per pipeline.

For example, in 2005 "CGC Net Purchases" were distributed as 61.29 percent to ETNG and 38.7 percent to SONAT. "Third Party Gas" is distributed in almost the same proportions, 63.46 percent to ETNG and 36.5 percent to SONAT. Refer to columns (4) and (6) in Brown Surrebuttal Exhibit 2.

In my opinion these results mean that Mr. Sherwood has not accurately separated firm sales and non-firm sales and that TSS-17 is not reliable because the Third Parties were using their capacity in excess of the capacity rights they had in their contracts with the pipelines. This is evident to me based on the annual load factors which underlie TSS-17.

Q_7. **Do you believe that the best way to resolve the differing opinions over the data in TSS-17 between you and Mr. Sherwood would be to have an independent review of the gas supply plan and asset manager program?**

A_7. Yes I do. The data involved in the gas supply plan and asset management agreement is complex and a discussion of it in a case like this appears as a "battle of experts."

An independent review would allow the public and the TRA to have more confidence in the data supplied by CGC in regulatory filings, as well as cases like this. For example, in the present case, CGC has provided, through the discovery process, data on billing and deliveries that rarely comes close to being reconciled. This, on an annual basis, is at odds with the general principle that deliveries should reconcile with cycle billed volumes. The un-reconciled data calls for an explanation, which an independent reviewer could provide.

- See Brown Direct Exhibit 7; TRA Docket 07-00224, Reply To CAPD Discovery Request (April 11, 2008) Question 90.

The data I am referring to comes from Discovery responses 14 and 15, where CGC provides billing data entitled "Cycle Billed Volumes" and "Throughput". The data rarely matches up on an annual basis.

Q_8. **Can you think of any explanation for the lack of reconciliation of billed volumes and throughput on an annual basis?**

A_8. Yes. The billing cycle could make a difference. That is, there is a lag in the billing cycle because the bills don't go out exactly on December 31st. However, the swings in data where annual billed volumes are off as much as 10% or 15% from throughput volumes in a ten year period is troubling.

Certainly, interested parties who often follow or participate in rate cases, such as the Chattanooga Manufacturers Association or the AARP, have the right to understand the reason for and source of the differences. Such parties, I believe, would feel much better if an independent third party looked at such information and provided an explanation.

III. Mr. Sherwood's Explanation Of ETNG's Operating Balance Agreements Is Mistaken Because CGC Is Not A Balancing Party On ETNG's System, But Atlanta Gas Light Is A Balancing Party And All Of CGC's Imbalances Are Accumulated As Atlanta Gas Light's Imbalances.

Q_9. **Mr. Sherwood stated on page 17 of his Supplemental Testimony that you are wrong in implying that CGC could facilitate deliveries off system because CGC could schedule more deliveries than it needs and the imbalance could be taken as a delivery at another point on ETNG's system. Do you agree with Mr. Sherwood's opinion?**

A_9. No, I disagree. CGC could schedule more deliveries than it needs while an affiliate, such as Sequent, could schedule less deliveries than it needs. As a result, Atlanta Gas Light could potentially reconcile the differences between the over scheduling and the under scheduling.

According to FERC filings, CGC and Sequent are not listed as a balancing parties on ETNG. The pipeline has specifically said that imbalances on East Tennessee are resolved by balancing parties rather than by shippers, such as CGC.

- See Brown Direct Exhibit 46; FERC Docket RP00-469-000, East Tennessee Natural Gas Company Order No. 637 Compliance Filing, Statement Of Nature, Reasons, And Basis, at 15, 16.

- Brown Rebuttal Exhibit 30, Page 31 of 32; FERC Docket RP04-234-000, East Tennessee Natural Gas 2002-2003 Cash Report And Refund Plan (March 29, 2004).

- Brown Rebuttal Exhibit 33; FERC Docket RP06-280-001, East Tennessee Natural Gas 2004-2005 Cash Report And Refund Plan (April 3, 2006), at Appendix C Schedule 1.

However, Atlanta Gas Light is identified as a balancing party.

As a balancing party, Atlanta Gas Light consolidates the imbalances of its affiliates doing business on ETNG.

Q_10. **Isn't it true that Mr. Sherwood's Exhibit TSS-08 shows CGC's monthly imbalances as close to zero from August 2005 through December 2007?**

A_10. Yes. It is true. However, in my opinion TSS-08 is inconsistent with CGC's data on throughput and cycle billed volumes. I examined the data in TSS-08 for the year 2006 and summed the data in the column titled "Mo. Imbalance" and discovered that annual imbalance for the year 2006 was close to zero.

CGC cannot have an annual imbalance of nearly zero in 2006 while at the same time including transportation-customer-imbalances in CGC's imbalances, and having throughput exceed cycle billed volumes over 1.1 million dekatherms. Each one of these conditions contradicts the other.

However, these imbalances could potentially be reconciled by the balancing party, Atlanta Gas Light.

Q_11. **Are transportation customers included in CGC's cycle billed volumes data?**

A_11. Yes. cycle billed volumes to transportation customers are included in CGC's cycle billed volumes, as shown in Brown Direct Exhibit 3.

Q_12. **What evidence have you provided in this docket to support your opinion that Atlanta Gas Light reconciles imbalances of its affiliates' activities on ETNG?**

A_12. I provide the evidence in Brown Rebuttal Exhibit 35, at 5. ETNG says it offers customers imbalance management services in the form of operational balancing agreements under Rate Schedule LMS-MA and Rate Schedule LMS-PA. ETNG further says a customer with an entitlement to ship 1,000 dekatherms from receipt point A to delivery point B could balance the deliveries across other delivery points through an OBA. This would result in the customer being able to nominate the 1,000 Dth from point A to point B,

but actually take the 1,000 Dth at another point that it had not nominated (for instance, point C), so long as the customer remains in balance under its operational balancing agreement.

In my opinion, Atlanta Gas Light, as a balancing party on ETNG's system, could possibly implement the example above.

Q_13. **In Brown Rebuttal Exhibit 30 what pipeline rate schedules does ETNG identify as applying to imbalances?**

A_13. ETNG identifies rate schedules LMS-MA,LMS-PA, and PAL as applying to imbalances. Furthermore, these schedules apply to AGL only, not CGC or Sequent. In my opinion, these rate schedules are applied to a balancing party, but are not applied to a shipper who is not a balancing party. So these rates appear to be applied to Atlanta Gas Light, but not Sequent or CGC.

Q_14. **Does Mr. Sherwood agree with you, that CGC can facilitate deliveries as described in ETNG's example?**

A_14. No. Mr. Sherwood says CGC cannot facilitate deliveries:

"However, as illustrated in Exhibit TSS-15, CGC's capacity on ETNG cannot be used to reach the Patriot Pipeline. The Company's capacity on ETNG does not provide firm delivery rights east of the ETNG's Top Side constraint point. Even the relatively small amount of capacity held by CGC with receipt rights in Dickenson County with firm delivery rights to CGC distribution system do not provide rights to Saltville, Patriot Pipeline, or Transco. [Sherwood Supplemental Testimony, Page 28, Lines 12-17]

Q_15. **Did you testify that energy has to flow from CGC's facilities to Sequent's to achieve deliveries elsewhere via an OBA?**

A_15. No. I did not testify that energy has to flow from CGC's facilities to Sequent's to achieve deliveries elsewhere, as Mr. Sherwood seems to suggest.

Q_16. **What are the implications of CGC being able to facilitate off system deliveries, through the actions of AGL and Sequent?**

A_16. To understand the importance of AGL's ability to balance loads across all of its affiliates/subsidiaries, you must understand the role of an asset manager on these systems and the mechanisms by which assets are billed to ratepayers. Sequent as an asset manager will take over all of the capacity and storage paid for in advance by CGC's ratepayers via the Purchase Gas Adjustment, as well as the capacity and storage of Sequent's other customers. It will then use these resources or "assets" to deliver any needed commodity to points specified by its customers as needed.

It is also essential to understand that capacity and storage on the ETNG system is at a premium relative to capacity and storage on other systems due to ETNG's relatively less restrictive transportation and balancing polices as well as its location relative to other pipelines. This makes excess capacity and storage on the ETNG system desirable to any asset manager, particularly one with other assets on this and neighboring systems.

This creates a situation in which CGC, an affiliate of Sequent, has the potential incentive or motive for its ratepayers to retain excess capacity and storage on the ETNG system while paying for the assets via the Purchase Gas Adjustment. These assets could then be used by Sequent in its asset management operations for all of its customers, which would in turn strengthen the bottom line of AGL, the parent company of both CGC and Sequent. These operating circumstances create a potential motive to retain excess capacity, which underscores the need for a regular review or audit.

IV. Rebuttal Of Mr. Sherwood's Testimony That CGC's Design Day Is Not Overstated.

Q_17. **What is your response to Mr. Sherwood's testimony that you are wrong in your opinion that CGC's design day load is overstated because you did not consider customer count when forming your opinion?**

A_17. I disagree with him. In the source that I referenced for the Rome Pool there was no mention of the number of customers or the usage per customer.

Mr. Sherwood identifies the design day usage per customer in Rome as 1.485 dekatherms, and Atlanta as 1.623 dekatherms. He also provides the customer count in Chattanooga, 62,187 customers. This was enough information to derive CGC's design day customer use of 2.087 dekatherms, which is the result of the projected peak load of 129,761 dekatherms, shown in Mr. Sherwood's Exhibit TSS-02, divided by 62,187 customers, or 2.087=(129,761/62,187). CGC's design day customer use of 2.087 exceeds Rome's use of 1.485 dekatherms by 41 percent, even though both areas are assumed to have the same design day temperature, 8 degrees above zero.

Q_18. **In your opinion is CGC's design day usage per customer reasonable?**

A_18. No, it is not reasonable in the context of the usage per customer in Rome and Atlanta. I have also compared the per customer usage to the Knoxville Utility Board (KUB), a major municipal gas utility in Tennessee. I obtained the information from KUB's public records.

The design day capacities on a per customer basis are summarized below:

- Rome Pool 1.485
- Atlanta 1.623
- CGC 2.087
- KUB 1.645

In reply to questions 31 and 33 of CAPD's Third Discovery Request, CGC said it described its projection of firm customers in Chattanooga and Rome as being affected by "housing starts and foreclosures". There is no logical reason for a house in Chattanooga to use 41 percent more energy than a house in Rome at the same temperature.

The service territories of CGC, KUB and Rome are in close geographic proximity to one another. The difference between CGC's usage per customer and those of Atlanta, Rome, and Knoxville supports my opinion, which Mr. Sherwood disputes, that CGC's design day is overstated.

V. Rebuttal Of Mr. Sherwood's Testimony That CGC's Design Day Load Is Not Influenced By CGC's Strategic Location.

Q_19. What is your response to Mr. Sherwood's testimony that the strategic location of CGC on ETNG does not influences CGC's design day forecast?

A_19. I disagree. Mr. Sherwood testifies:

> *"he is incorrect in his assertion that the strategic location of CGC with regard to ETNG influences the capacity planning and design day forecast. The analysis done to project design day load is done to determine the level of firm deliverability needed by the utility to keep firm customers supplied with natural gas during periods of extreme cold weather conditions."[Sherwood Supplemental, page 8, lines 11-14].*

If strategic location was not the determining factor of the per customer design day use, CGC's design day customer use would not exceed Rome's by 41 percent. Because both areas are assumed to have the same design day temperature, 8 degrees above zero, there should be only a small difference between the usage per customer.

Because CGC's usage per customer is so large in comparison to Rome's and Atlanta's, growth in the number of CGC's customers will cause CGC to add transportation capacity more quickly in Chattanooga than in any other location. Mr. Sherwood testified that seasonal capacity is not available to Chattanooga:

> *"More importantly, neither Southern Natural Gas nor East Tennessee have firm seasonal capacity posted as available on their systems and both have specifically refused to provide such service to CGC, if CGC were not willing to accept interruptions in service in the winter period or pay the same annual price for the service." [Sherwood Direct (July 30, 2008, Pages 13, lines 7-10].*

Mr. Sherwood has testified that

> *"CGC's LNG peaking facility is located on the distribution system and therefore benefits the system by allowing the LDC to contract for a lower level of firm pipeline transportation." [Sherwood Direct (July 30, 2008, Page 6, lines 13-15].*

Of course, the LNG plant's capacity is a fixed amount that cannot be increased as the design day load increases. There is only one source left for new capacity. CGC could meet its design day load by adding capacity to its year-round transportation contracts. This is the most expensive option according to Mr. Sherwood:

> *"firm transportation resources are typically available every day, but usually have the highest fixed costs." [Sherwood Supplemental, page 14, lines 14-64].*

According to CGC's design day process, a 1 dekatherm increase in the peak load means adding 1 dekatherm of firm transportation capacity for each day the year. Said another way, a 1 dekatherm increase in the CGC's design day peak load gives the asset manager 364 dekatherms of capacity to market throughout the remainder of the year. CGC's methodology adds year-round capacity to meet a single day's load under the worst conditions. This is how CGC creates excess capacity, which is then added to the asset manager's portfolio. This outcome is consistent the strategic location of CGC on the ETNG pipeline, which is an avenue to east coast gas markets.

This concludes my surrebuttal testimony.

Issue A

TSS-17's Issues

A. Billed Volumes And Throughput Do Not Match

B. Third-Party Load Factors Exceed 100%

Issue B

Third Parties' Throughput (Third Party Gas) On ETNG And SONAT Is Too Large Given The Transportation Capacity Which The Third Parties Had Contracted For In 2003 and 2005.

TSS - 17

In 2003 and 2005 Throughput Exceeds Cycle Billed Volumes By 15%.

2003 Billed Volumes 14,586.52
2005 Billed Volumes 14,194.22

Source For Cycled Billed Volumes
Brown Direct Exhibit 3; TRA Docket 07-00224, CGC Reply To CAPD Discovery Request (April 18, 2008) Question 14, Attachment.

Source For Throughput
Brown Direct Exhibit 4; TRA Docket 07-00224, CGC Reply To CAPD Discovery Request (April 18, 2008) Question 15.

Chattanooga Gas Company
CGC Gas by Pipeline & Third Party Gas by Pipeline
Compared with Dr. Brown Analysis

		ThroughPut Dekathersm	Nominations on CGC's ETNG Delivery Points Dekatherms	SONAT Supply:Col 2 -Col 3	ETNG Supply/CGC ThroughPut	SONAT Supply/CGC Throughput
2003	a/	16,867.40	12,195.59	4,671.81	72.3%	27.7%
CGC Net Purchases	b/	9,726.43	5,252.67	4,473.75	**54.00%**	**46.00%**
Third Party Gas	c/	7,140.97	6,942.91	198.06	97.23%	2.77%
2005	a/	16,624.23	8,776.66	7,847.57	52.79%	47.21%
CGC Net Purchases	b/	10,652.09	6,528.90	4,123.20	**61.29%**	**38.71%**
Third Party Gas	c/	5,972.14	2,247.77	3,724.38	37.64%	62.36%

Source For Nominations
ETNG Electronic Bulletin Board
http://link.spectraenergy.com//pipecap/CapacityMain.asp?bu=et&mapType=OCP

a/ Brown Rebuttal Page 43
b/ Purchased Gas and Pipeline I Invoices
c/ Dr. Brown Volumes less CGC Purchases

How TSS-17 Is Affected When The Starting Point Is Annual Billed Volumes, Per Brown Direct Exhibit 03

Mr. Sherwood's Calculations Steps:

1. Step "a/" - Start With Billed Volumes Reported By CGC In Brown Direct Exhibit 3
2. Step "b/" - Subtract CGC Net Purchases
3. Step "c/" - Result Is CGC's Transportation For Third Parties

Column (1)		Column (2)	Column (3)	Column (4)	Column (5)	Column (6)
		Billed Volumes	Nominations On CGC's ETNG Delivery Points	SONAT Supply: Col 2 -Col 3	ETNG Supply/CGC ThroughPut	SONAT Supply/CGC Throughput
2003	a/	14,586.527	12,195.590	2,390.937	83.6%	16.4%
CGC Net Purchases	b/	9,726.430	5,252.670	4,473.760	54.0%	46.0%
Third Party Gas	c/	4,860.097	6,942.910	-2,082.813	142.9%	-42.9%
2005	a/	14,194.220	8,776.660	5,417.560	61.83%	38.2%
CGC Net Purchases	b/	10,652.090	6,528.900	4,123.190	61.29%	38.7%
Third Party Gas	c/	3,542.130	2,247.770	1,294.360	63.46%	36.5%

2003 Transportation Capacity Per SONAT FERC Customer Index Report: Year And Quarter

	2003/01	2003/04	2003/07	2003/10	Annual Reported Capacity
CHATTANOOGA GAS COMPANY	27,000	27,000	27,000	27,000	27,000
SONAT CGC Throughput Per Mr. Sherwood Exhibit TSS-17					4,474
CGC Annual Load Factor On SONAT					**45.4%**
Third Parties:	2003/01	2003/04	2003/07	2003/10	Annual Reported Capacity
SOUTHSTAR ENERGY SERVICES LLC	1,754	1,754	1,754	1,754	1,754
TEXICAN NATURAL GAS COMPANY	650	650	650	650	650
Total Third Party Capacity	2,404	2,404	2,404	2,404	2,404
SONAT Third Party Throughput Per Mr. Sherwood Exhibit TSS-17					198
Third Party Annual Load Factor					**22.6%**

2003 Transportation Capacity Per ETNG FERC Customer Index Report: Year And Quarter

	2003/01	2003/04	2003/07	2003/10	Annual Reported Capacity
CHATTANOOGA GAS COMPANY	46,350	46,350	46,350	46,350	46,350
ETNG CGC Throughput Per Mr. Sherwood Exhibit TSS-17					5,253
CGC Annual Load Factor On ETNG					**31.0%**
Third Parties:	2003/01	2003/04	2003/07	2003/10	Annual Reported Capacity
Alliance Energy Services	4,400	4,400	4,400	4,400	4,400
Archer Daniels Midland Company	1,500	1,500	1,500	1,500	1,500
Total Third Party Capacity	5,900	5,900	5,900	5,900	5,900
ETNG Third Party Throughput Per Mr. Sherwood Exhibit TSS-17					6,943
Third Party Annual Load Factor					**322.4%**

2005 Transportation Capacity Per SONAT FERC Customer Index Report: Year And Quarter

	2005/01	2005/04	2005/07	2005/10	Annual Reported Capacity
CHATTANOOGA GAS COMPANY	27,425	27,425	27,425	27,425	27,425
SONAT CGC Throughput Per Mr. Sherwood Exhibit TSS-17					4,123
CGC Annual Load Factor					**41.2%**
Third Parties:	2005/01	2005/04	2005/07	2005/10	Annual Reported Capacity
Southstar Energy Services LLC	1,754	1,791	1,791	1,791	1,782
Texican Natural Gas Company	650	664	664	664	661
Jefferson - Cocke County Utility Distric	350	357	357	357	355
Powell - Clinch Utility District	200	204	204	204	203
Total Third Party Capacity	2,954	3,016	3,016	3,016	3,001
SONAT Third Party Throughput Per Mr. Sherwood Exhibit TSS-17					3,724
Third Party Annual Load Factor					**340.1%**

2005 Transportation Capacity Per ETNG FERC Customer Index Report: Year And Quarter

	2005/01	2005/04	2005/07	2005/10	Annual Reported Capacity
CHATTANOOGA GAS COMPANY	46,350	46,350	46,350	46,350	46,350
ETNG CGC Throughput Per Mr. Sherwood Exhibit TSS-17					6,529
CGC Annual Load Factor					**38.6%**
Third Parties:	2005/01	2005/04	2005/07	2005/10	Annual Reported Capacity
Constellation New Energy-Gas Division,Llc.	3,500	3,500	3,500	3,500	3,500
Enbridge Marketing (U.S.) L.P.	1,800				450
Total Third Party Capacity	5,300	3,500	3,500	3,500	3,950
ETNG Third Party Throughput Per Mr. Sherwood Exhibit TSS-17					2,248
Third Party Annual Load Factor					**155.9%**