

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

2008 OCT 31 PM 3:33

T.R.A. DOCKET ROOM

October 30, 2008

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

08-00206

Re: Chattanooga Gas Company Report of Transactions in the Deferred Gas Cost
Account in compliance with Tennessee Regulatory Authority Administrative
Rule 1220-4-7-.03(2).

Dear Chairman Hargett,

Attached is an original and thirteen copies of the Summary of the
Transactions in Chattanooga Gas Company's Deferred Gas Cost Account for the
twelve months ended June 30, 2008 and the computation of ACA factor effective
December 1, 2008 (Attachment A) as required by Tennessee Regulatory Authority
Administrative Rule 1220-4-7-.03(2).

The resulting ACA factors are:

Rate Schedule	ACA Commodity Factor
R-1/R-4	\$0.0149/Therm
C-1	\$0.0149/Therm
A/C	(\$0.0321/Therm)
I-1	(\$0.3212/Dth)

Services with two part (Demand and Commodity Rates

	ACA Demand Factor	ACA Commodity Factor
C-2	\$1.6908/Dth	(\$0.3212/Dth)
F-1	\$1.6908/Dth	(\$0.3212/Dth)
T-2/T-3	\$1.6908/Dth	



Chattanooga Gas

Copies of the underlying accounting documents needed for the audit are being provided the Staff.

Also enclosed are an original and thirteen copies of Chattanooga Gas Company Tariff No. 1 Eighty -Fourth Revised Sheet No. 55.

If you or the TRA Staff have any questions please call me at 757 616 7510.

Sincerely,

A handwritten signature in black ink, appearing to read "Archie R. Hickerson". The signature is fluid and cursive, with the first name "Archie" being more prominent.

Archie R. Hickerson
Director-Regulatory Affairs

C: Ms. Amanda Hwang
Mrs. Pat Murphy

	JULY 07	AUG	SEPT	OCT	NOV	DEC	JAN 08	FEB	MARCH	APRIL	MAY	JUNE
REG. BALANCE-COMMODITY	(3,354,519.08)	(3,915,944.94)	(4,324,207.46)	(4,673,981.01)	(5,199,726.10)	(5,104,923.69)	(6,431,974.32)	(6,310,974.87)	(6,431,447.68)	(6,076,166.00)	(4,765,946.92)	(3,391,788.17)
COST OF GAS PURCHASED - COMMODITY												
Spot Market & Transportation	3,559,317.24	3,006,083.77	2,700,316.39	3,602,361.56	4,320,625.25	4,128,098.79	6,696,543.05	5,542,949.64	5,335,868.75	9,778,423.02	10,290,021.07	14,945,862.47
Other Suppliers - End Users	37,041.20	25,692.97	37,461.02	(22,740.87)	(22,253.54)	98,315.71	(289,984.41)	3,358.53	60,872.26	(6,740.21)	(67,876.07)	45,094.34
Supplier Refund	261,519.33	103,423.06	719,871.39	703,669.97	1,626,891.64	3,307,693.86	5,325,981.99	5,188,785.43	3,573,295.50	105,332.82	720,491.71	1,316,605.47
Storage Withdrawals							2,397,317.85	281,317.66	151,615.00			
LNG Soudout	236,732.41	168,447.39	175,407.54	142,030.00	144,164.64	143,062.80	160,312.92		206,683.74	131,024.39	214,984.86	381,381.06
LNG Inventory Adjustment				(2,115.34)								
Consulting Fees												
Taxes	4,124,610.18	3,305,627.21	3,633,056.34	4,423,467.34	6,089,426.39	7,677,190.98	14,256,231.13	11,189,104.27	9,176,708.25	10,006,040.02	11,157,621.95	16,660,933.34
Storage Injections	(2,508,658.47)	(2,168,935.10)	(2,265,009.50)	(2,416,126.85)	(85,395.46)	(473,400.77)	(37,319.79)	(48,397.72)	(50,350.95)	(3,353,983.89)	(5,299,433.06)	(7,435,295.79)
Off System Sales	(929,293.54)										(1,110,255.35)	(4,407,063.67)
LNG Liquidation & Fuel	1,267,722.17	1,139,692.11	1,388,046.84	2,007,396.47	5,984,032.93	7,503,790.21	14,218,911.34	11,119,707.15	9,126,395.80	8,652,086.33	4,747,651.63	4,926,571.68
TOTAL GAS PURCHASED												
COST OF GAS RECOVERED - COMMODITY												
Actual Billings	987,708.00	1,722,829.00	1,832,472.00	1,939,513.00	3,860,130.22	7,503,598.46	10,767,968.49	13,208,372.85	11,024,571.38	7,899,991.23	5,203,362.80	4,815,423.05
Current Month Unbilled	529,917.00	886,101.00	1,677,311.00	1,637,311.00	3,845,162.00	5,586,100.00	8,417,051.00	7,111,472.00	5,343,920.00	4,168,945.00	2,359,417.00	1,415,423.00
Prior Month Unbilled	(920,116.00)	(929,879.00)	(1,006,417.00)	(886,101.00)	(1,677,311.00)	(3,845,162.00)	(5,586,100.00)	(8,417,051.00)	(7,111,472.00)	(5,343,920.00)	(4,168,945.00)	(3,206,338.00)
ACA Refund												
00007 -	(79,124.00)	(74,178.00)	(77,875.00)	(88,730.00)	(184,097.72)	(341,786.35)	(513,101.94)	(646,843.18)	(546,723.00)	(564,095.19)	(226,215.85)	(188,694.82)
ACA Surcharges												
Company Use Gas Consumption	13.15	14.16	7.06	26.63	26.63	216.22	280.28	730.73	241.24	260.87	124.95	34.66
TOTAL RECOVERY	1,786,641.05	1,726,005.16	1,833,690.06	2,844,016.63	5,663,693.13	8,604,919.33	13,060,671.83	11,262,569.20	8,760,537.62	6,309,181.91	4,022,684.50	3,579,077.89
SS -1 (Negotiated Margin Loss)	29,646.07	13,308.61		22,824.54	18,549.91	18,427.94		28,421.52	31,116.64	32,484.18	36,809.46	33,870.18
WMA Underrecovery/Overrecovery												
Uncollected Gas Credits	83,681.46	93,027.24	50,677.29	21,951.53	(8,546.20)	(4,461.83)	1,190.14	22,690.85	11,164.13	25,486.68	36,557.68	89,360.25
MONTHLY ACTIVITY - COMMODITY												
ENDING BALANCE	(32,411.45)	(480,347.20)	(215,863.95)	(592,277.06)	(130,046.51)	(1,327,183.61)	(1,152,454.33)	(98,118.75)	(350,885.28)	(798,735.40)	(1,389,077.41)	
ENDING BALANCE	(3,747,930.53)	(4,300,294.06)	(4,501,549.01)	(5,186,244.10)	(5,063,672.59)	(6,392,862.59)	(5,739,156.87)	(5,395,844.55)	(5,046,328.80)	(4,738,281.52)	(3,657,211.12)	(2,612,711.71)
AVERAGE ENDING BALANCE	(3,251,724.81)	(4,000,210.46)	(4,435,938.04)	(4,870,105.96)	(5,134,676.65)	(5,148,510.40)	(5,655,366.04)	(5,357,906.71)	(5,129,388.18)	(4,901,726.16)	(4,336,578.82)	(3,397,250.42)
INTEREST												
INTEREST	(24,416.00)	(27,913.00)	(30,488.00)	(33,482.00)	(35,307.00)	(38,621.00)	(43,816.00)	(44,603.00)	(43,833.00)	(47,485.00)	(42,676.00)	(18,602.00)
CUMM. END. BAL-COMMODITY	(3,915,944.94)	(4,324,207.46)	(4,673,981.01)	(5,199,726.10)	(5,104,923.69)	(6,431,974.32)	(6,310,974.87)	(6,431,447.68)	(6,076,166.00)	(4,765,946.92)	(3,391,788.17)	(2,612,813.71)
BEGINNING BALANCE - DEMAND												
388,389.41	841,196.11	1,308,129.81	1,876,013.61	2,897,829.43	2,791,112.30	2,401,366.68	1,891,279.71	1,491,392.22	1,424,068.82	1,742,068.08	2,388,844.28	
COST OF GAS PURCHASED - DEMAND												
Pipeline Demand	926,646.33	926,646.33	926,646.33	926,646.31	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33
Complant Use	926,646.33	926,646.33	926,646.33	926,646.31	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33
TOTAL GAS PURCHASED												
926,646.33	926,646.33	926,646.33	926,646.31	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33	926,646.33
COST OF GAS RECOVERED - DEMAND												
Actual Billings	437,381.63	408,408.63	427,802.63	421,634.39	629,602.26	967,360.45	1,272,553.79	1,356,405.98	1,130,430.51	735,185.36	503,653.49	433,927.27
Current Month Unbilled	578,781.00	623,215.00	551,893.00	235,031.00	442,721.00	589,722.00	846,836.00	720,712.00	539,381.00	388,029.00	278,306.00	212,151.00
Prior Month Unbilled	(571,450.00)	(578,781.00)	(623,215.00)	(551,893.00)	(442,720.00)	(589,722.00)	(846,836.00)	(720,712.00)	(539,381.00)	(388,029.00)	(278,306.00)	(212,151.00)
ACA Refund												
00007 -	14,283.00	14,165.00	14,007.00	14,923.00	14,816.20	66,524.65	61,522.39	67,949.84	54,244.21	33,719.71	22,418.94	18,475.14
ACA Surcharges												
Company Use Gas Consumption												
TOTAL RECOVERY	455,995.63	467,075.63	370,697.83	119,465.39	852,187.48	1,179,080.10	1,590,960.18	1,337,431.82	1,003,343.73	617,553.07	414,140.13	368,153.36
ENDING BALANCE	837,049.11	459,570.70	565,078.50	607,150.92	74,478.87	(268,024.74)	(684,343.65)	(410,765.46)	(76,687.40)	300,093.26	512,506.20	536,402.97
AVERAGE ENDING BALANCE	603,223.78	1,070,981.46	1,086,118.16	1,278,996.97	2,736,066.87	2,657,096.93	2,529,183.64	1,685,966.97	1,453,033.52	1,576,615.45	1,988,321.18	2,556,094.77
INTEREST	14,283.00	14,165.00	14,007.00	14,923.00	14,816.20	66,524.65	61,522.39	67,949.84	54,244.21	33,719.71	22,418.94	18,475.14
CUMM. END. BAL-DEMAND	541,196.11	1,308,129.81	1,876,013.61	2,897,829.43	2,791,112.30	2,401,366.68	1,891,279.71	1,491,392.22	1,424,068.82	1,742,068.08	2,388,844.28	2,815,643.26
ENDING BALANCE - TOTAL												
(2,378,750.75)	(3,020,077.25)	(3,638,953.50)	(2,901,896.67)	(2,950,267.64)	(2,315,816.29)	(3,942,658.16)	(3,655,037.53)	(3,013,876.44)	(1,716,940.64)	(817,329.54)		
MONTHLY INTEREST RATE												
MONTHLY INTEREST RATE	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
MONTHLY INTEREST RATE	6.77%	6.77%	6.77%	6.77%	6.77%	6.77%	6.77%	6.77%	6.77%	6.77%	6.77%	6.77%

CHATTANOOGA GAS COMPANY
 COMPUTATION OF ACA FACTOR
 EFFECTIVE DECEMBER 1, 2008

ALLOCATION OF ACA REFUND/SURCHARGE TO RATE CLASSIFICATION
 BASED ON VOLUMES 12 MONTHS ENDED JUNE 30, 2008

RATE SCHEDULE	Contract Demand	Annual Commodity DT Sales	Demand	Commodity	TOTAL	Demand Per Unit DT	Demand Per Commodity Unit DT	Commodity Per Unit DT	TOTAL Per Commodity Unit DT
Firm Industrial (F-1&T-2)	12,588	1,290,330	\$ 255,417	\$ (422,285)	\$ (166,868)	\$ 1.6908		\$ (0.3273)	
Interruptible Industrial (I-1)		81,578	-	(26,698)	(26,698)			\$ (0.3273)	
Med Com & Ind (C-2)	30,284	2,587,236	614,452	(846,722)		\$ 1.6908		\$ (0.3273)	
T-3	1,460		29,632	-		\$ 1.6908			
ALL OTHER (R-1, R-4, C-1)	94,586	4,081,072	1,919,143	(1,335,608)	583,534		\$ 0.4703	\$ (0.3273)	\$ 0.1430
V-1									
TOTAL	138,918	8,040,216	\$ 2,818,643	\$ (2,631,314)	\$ 187,330				

MCF SALES BY RATE CLASS AND OFF-SYSTEM REVENUE CREDIT ESTIMATE
August 31, 2008
TWELVE MONTHS ENDED:

Month	F-1	I-1	All Other	TOTAL	T-1, T-2 & T-3	TOTAL	SUMMER	WINTER	
Jan-08	157,190	25,572	1,166,453	1,349,215	752,982	2,102,197		1,349,215	16.8%
Feb-08	196,054	6,226	1,319,799	1,522,079	774,721	2,296,800		1,522,079	18.9%
Mar-08	242,569	6,633	1,038,518	1,287,720	778,017	2,065,737		1,287,720	16.0%
Apr-08	198,185	6,426	566,993	771,604	689,855	1,461,459		771,604	9.6%
May-08	197,602	5,814	299,837	503,253	638,718	1,141,971	503,253	503,253	6.3%
Jun-08	208,145	5,630	211,092	424,867	608,582	1,033,449	424,867	424,867	5.3%
Jul-07	12,249	4,859	198,528	215,636	644,243	859,879	215,636	215,636	2.7%
Aug-07	12,674	4,062	182,656	199,392	662,018	861,410	199,392	199,392	2.5%
Sep-07	17,523	4,718	194,023	216,264	681,176	897,440	216,264	216,264	2.7%
Oct-07	17,151	4,450	211,108	232,709	705,496	938,205	232,709	232,709	2.9%
Nov-07	18,246	4,091	441,597	463,934	743,695	1,207,629	463,934	463,934	5.8%
Dec-07	12,742	3,097	837,704	853,543	704,291	1,557,834	853,543	853,543	10.6%
TOTAL	1,290,330	81,578	6,668,308	8,040,216	8,383,794	16,424,010	1,792,121	6,248,095	100%

7.3%

637525.88

8,677,742

8,677,742

8,677,742

8,677,742

Month	R - 1	R - 4	C - 1	C - 2	T-1*	T-2	T-3	F - 1/T-2	T - 3	C-2	Demand Determinates
Jan-08	652,851	1,373	129,872	382,357	515,930	199,169	199,169	12,569	2,067	30,965	45,601
Feb-08	715,852	1,409	176,474	426,064	551,825	189,860	189,860	12,706	2,091	30,299	45,096
Mar-08	552,433	1,170	114,635	370,280	556,951	194,386	194,386	12,761	2,042	31,109	45,912
Apr-08	279,701	617	59,961	226,714	504,921	161,970	161,970	12,761	2,257	28,544	43,562
May-08	127,005	536	24,803	147,493	455,277	164,709	164,709	12,761	2,215	29,757	44,733
Jun-08	77,760	400	16,116	116,816	426,799	164,305	164,305	13,146	2,185	29,757	45,088
Jul-07	68,009	406	24,690	105,423	489,040	148,547	148,547	12,388	411	30,120	42,919
Aug-07	61,354	401	12,076	108,825	505,694	148,494	148,494	12,388	469	29,687	42,544
Sep-07	66,182	356	22,524	104,961	517,948	154,104	154,104	12,428	511	29,151	42,090
Oct-07	72,844	304	14,092	123,868	533,589	160,729	160,729	12,428	618	31,498	44,544
Nov-07	235,176	593	27,145	178,683	554,622	173,183	173,183	15,890	712	31,477	44,592
Dec-07	464,030	1,056	76,866	295,752	520,354	159,789	159,789	24,148	1,947	31,038	45,306
TOTAL	3,373,197	8,621	699,254	2,587,236	6,132,950	2,019,245	2,019,245	151,060	17,525	363,402	531,987
								12,588	1,460	30,284	

* SS-1 and Discounted Volumes are included in T-1 Transportation and L-1 Sales.
September 2007 T-3 Demand used for each month September-December 2007.

Chattanooga Gas Company
Summary of Transactions Deferred Gas Account
Twelve Months Ended June 30, 2008
Attachment A
Page 3 of 3

MCF SALES BY RATE CLASS AND OFF-SYSTEM REVENUE CREDIT ESTIMATE
TWELVE MONTHS ENDED: August 31, 2008

Month	F-1	I-1	All Other	TOTAL	T-1, T-2 & T-3	TOTAL	SUMMER	WINTER	
Jan-08	157,190	25,572	1,166,453	1,349,215	752,982	2,102,197		1,349,215	16.8%
Feb-08	196,054	6,226	1,319,799	1,522,079	774,721	2,296,800		1,522,079	18.9%
Mar-08	242,569	6,633	1,038,518	1,287,720	778,017	2,065,737		1,287,720	16.0%
Apr-08	198,185	6,426	566,993	771,604	689,855	1,461,459		771,604	9.6%
May-08	197,602	5,814	299,837	503,253	638,718	1,141,971	503,253	503,253	6.3%
Jun-08	208,145	5,630	211,092	424,867	608,582	1,033,449	424,867	424,867	5.3%
Jul-07	12,249	4,859	198,528	215,636	644,243	859,879	215,636	215,636	2.7%
Aug-07	12,674	4,062	182,656	199,392	662,018	861,410	199,392	199,392	2.5%
Sep-07	17,523	4,718	194,023	216,264	681,176	897,440	216,264	216,264	2.7%
Oct-07	17,151	4,450	211,108	232,709	705,496	938,205	232,709	232,709	2.9%
Nov-07	18,246	4,091	441,597	463,934	743,695	1,207,629	463,934	463,934	5.8%
Dec-07	12,742	3,097	837,704	853,543	704,291	1,557,834	853,543	853,543	10.6%
TOTAL	1,290,330	81,578	6,668,308	8,040,216	8,383,794	16,424,010	1,792,121	6,248,095	100%

Month	R - 1	R - 4	C - 1	C - 2	T-1*	T-2	T-3	F - 1/T-2	T - 3	C-2	Demand Determinates
Jan-08	652,851	1,373	129,872	382,357	515,930	199,169	37,883	12,569	2,067	30,965	45,601
Feb-08	715,852	1,409	176,474	426,064	551,825	189,860	33,036	12,706	2,091	30,299	45,096
Mar-08	552,433	1,170	114,635	370,280	556,951	194,386	26,680	12,761	2,042	31,109	45,912
Apr-08	279,701	617	59,961	226,714	504,921	161,970	22,964	12,761	2,257	28,544	43,562
May-08	127,005	536	24,803	147,493	455,277	164,709	18,732	12,761	2,215	29,757	44,733
Jun-08	77,760	400	16,116	116,816	426,799	164,305	17,478	13,146	2,185	29,757	45,088
Jul-07	68,009	406	24,690	105,423	489,040	148,547	6,656	12,388	411	30,120	42,919
Aug-07	61,354	401	12,076	108,825	505,694	148,494	7,830	12,388	469	29,687	42,544
Sep-07	66,182	356	22,524	104,961	517,948	154,104	9,124	12,428	511	29,151	42,090
Oct-07	72,844	304	14,092	123,868	533,589	160,729	11,178	12,428	618	31,498	44,544
Nov-07	235,176	593	27,145	178,683	554,622	173,183	15,890	12,403	712	31,477	44,592
Dec-07	464,030	1,056	76,866	295,752	520,354	159,789	24,148	12,321	1,947	31,038	45,306
TOTAL	3,373,197	8,621	699,254	2,587,236	6,132,950	2,019,245	231,599	151,060	17,525	363,402	531,987
								12,588	1,460	30,284	

* SS-1 and Discounted Volumes are included in T-1 Transportation and L-1 Sales.
September 2007 T-3 Demand used for each month September-December 2007.

CURRENT LEVEL OF SURCHARGES AND REFUND CREDITS

AMOUNTS INDICATED BELOW APPLY TO THE BILLING DETERMINANTS
OF EACH INDIVIDUAL TARIFF

	F-1	F-1	I-1	T-2	T-3	R-1	R-4	C-1	C-2	C-2	A/C	V-1
	Commercial and Industrial Large Volume Firm Sales Service Demand	Commercial and Industrial Large Volume Firm Sales Service Commodity	Commercial and Industrial Interruptible Sales Service Commodity	Interruptible Transportation Service With Firm Gas Supply Backup Demand	Low Volume Transport Demand	Residential	Multi-Fam	Small Commercial and Industrial	Medium Commercial and Industrial Demand	Medium Commercial and Industrial Commodity	Residential and Commercial Air Conditioning	Natural Gas Vehicle Service
Billing Unit	DT	DT	DT	DT	DT	Therm	Therm	Therm	DT	Therm	Therm	Therm
IMCR Refund	(1.3159)	0.0000	0.0000	(1.3159)	(1.3159)	(0.0383)	(0.0383)	(0.0383)	(1.3159)	0.0000	0.0000	0.0000
ACA 12--08*	1.6908	(0.3273)	(0.3273)	1.6908	1.6908	0.0143	0.0143	0.0143	1.6908	(0.0327)	(0.0327)	0.0000
TOTAL	0.3749	(0.3273)	(0.3273)	0.3749	0.3749	(0.0240)	(0.0240)	(0.0240)	0.3749	(0.0327)	(0.0327)	0.0000

*IMCR refund made effective July 1, 2007 terminated Effective June 30,2008

** Effective December 1, 2008. ACA01-08 Effective January 1, 2008 terminated November 30, 2008.

EFFECTIVE: December 1, 2008.