

# FARMER & LUNA

A PROFESSIONAL LIMITED LIABILITY COMPANY

ATTORNEYS AT LAW

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SUITE 300  
NASHVILLE, TENNESSEE 37201

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www.farmerluna.com

Jennifer L. Brundige  
jbrundige@farmerluna.com

September 1, 2009

## VIA HAND DELIVERY

Ms. Pat Murphy  
Utility Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-00505

09-00/27

RECEIVED  
Sept. 1 (SD)  
2009 SEP 02 PM 4:03  
T.R.A. DOCKET ROOM

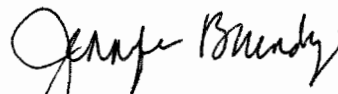
Re: Chattanooga Gas Company's 2009 Annual ACA and PBR Audit Filing

Dear Pat:

Chattanooga Gas Company has submitted to the Tennessee Regulatory Authority its annual ACA and PBR audit filings for the twelve months ending June 30, 2009. Accompanying this letter are two binders that contain the supporting data and information for the audits. We have also included an electronic version of the data on the enclosed CD. Chattanooga Gas considers these documents and information to be confidential proprietary information.

If you have any questions, please do not hesitate to contact Archie Hickerson or me.

Sincerely yours,

  
Jennifer L. Brundige

Enclosures

cc: Archie Hickerson

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  
www.chattanoogagas.com

2207 Olan Mills Drive  
Chattanooga TN 3742

September 28, 2009

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

RECEIVED  
Sept-1 (50)  
2009 4:03:32 PM  
T.R.A. DOCKET ROOM  
09-00127

Re: Chattanooga Gas Company Annual Report of Actual Gas Cost and Applicable Indices for the twelve months ended June 30, 2009.

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, 2009 (Attachment A). As shown on Attachment A, the commodity cost of gas purchased by CGC during the plan year was approximately 0.24% above the index cost and therefore was within the 1% range as provide in the CGC's tariff.

In June 2008, CGC entered into an agreement for an off-system sale of Liquid Natural Gas (LNG) at a negotiated price. In order to lock in the gain on the off-system sale, CGC also entered into an agreement to purchase the gas required to fulfill the contract at a fixed price. This gas was delivered in August, September, and October. Since the cost of these fixed priced purchases was charged to the off-system sale and not included in the cost of gas charged to CGC's regulated customers, the analysis had been adjusted to exclude these purchases from both the cost of gas and the computation of the benchmark prices.

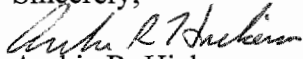
For the Authority's convenience, spreadsheets showing the volumes of gas, the indices, and the purchase prices for each month and each day are provided as Attachments B & C respectively. Chattanooga Gas Company considers the detailed information on Attachments B & C to be confidential and proprietary.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



Chattanooga Gas

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

Sincerely,



Archie R. Hickerson

Director-Regulatory Affairs

C: Ms. Amanda Hwang  
Mrs. Pat Murphy

### Summary Sheet

### Gas Cost Over (Under) Benchmark

[illegible]

Total CGC Purchase Gas Cost  
Total Benchmark Purchase Gas Cost

	PBR details
Benchmark	\$ 59,504,008.00
	\$ 52,058,000.96
	\$ 665,907.04
	\$ 59,504,008.00
	\$ 52,058,000.96
	\$ 665,907.04

[illegible]

TAB:	Perforation Analysis	Gas Cost	\$50,386.07 03
		Benchmark	\$50,204.60 22
			<hr/>
			\$ 421,163.71
TAB:	PBB details	Total Gas Cost	\$53,092.08 00
		Less Gas Paid	\$1,000.00 00
		Net Gas Cost	\$52,092.08 00

Less Fixed Price Purchases Benchmark	\$2,692,504.17
Benchmark less fixed purchases.	\$ 50,264,508.22
	\$121,165.71

Chattanooga Gas Company  
PBR for ACA Year Ended June 30, 2009

Summary Sheet  
Gas Cost Over (Under) Benchmark

Including Fixed Price														
	SONAT	TennZ0	Tenn500leg	Tenn500leg	TennZ1	SONAT	TennZ1 & Z0	SONAT	TennZone 0	Tenn500L	Tenn500L	SONAT	Tenn500L	Cost Over (Under) B
	(FOM)	(FOM)	(FOM)	(FOM)	(FOM-NRA)	(FOM-Storage)	(FOM-Storage)	(Gas Daily)	(Gas Daily)	(Gas Daily - Storage)	(Gas Daily - Storage & City Gate)	(Gas Daily - CSS Storage)	(Gas Daily - City Gate)	\$
Jul-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5.12)	\$0.01	\$0.00	\$0.00	\$0.01	(\$5.02)	\$	(9.11)
Aug-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$215,751.43	(\$1.75)	(\$3.28)	\$4.67	\$0.00	(\$5.74)	\$0.00	\$	555,061.46
Sep-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5,741.87)	(\$0.94)	\$74.82	\$0.00	\$0.00	(\$4.92)	\$0.00	\$	(8,735.32)
Oct-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,590.35)	\$14.72	(\$13.14)	\$0.00	\$0.00	(\$13.31)	\$0.00	\$	(1,590.63)
Nov-08	\$0.00	\$0.00	\$0.00	\$0.00	\$32,298.01	\$0.00	\$0.00	\$0.00	\$2.43	\$0.00	\$6.82	\$0.00	\$	32,207.27
Dec-08	\$0.00	\$0.00	\$0.00	\$0.00	\$19,285.41	\$0.00	\$0.00	\$0.01	(\$2.63)	\$0.00	(\$1.63)	\$0.00	\$	10,253.16
Jan-09	\$0.00	\$0.00	\$0.00	\$0.00	\$10,666.59	\$0.00	\$0.00	(\$6.35)	(\$8.17)	\$0.00	\$0.00	\$0.00	\$	10,647.41
Feb-09	\$0.00	\$0.00	\$0.00	\$0.00	\$19,425.43	\$0.00	\$0.00	(\$11.75)	(\$10.36)	\$0.00	\$0.00	\$0.00	\$	19,416.76
Mar-09	\$0.00	\$0.00	\$0.00	\$0.00	\$30,696.91	\$0.00	\$0.00	(\$10.36)	\$0.00	\$0.00	\$0.00	\$0.00	\$	30,686.66
Apr-09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.64	\$0.00	\$3.28	\$0.00	(\$17.47)	\$0.00	\$	(3,651.46)
May-09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22.92	\$0.00	\$0.00	\$0.00	\$0.00	(\$6.75)	\$	22,182.02
Jun-09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$	0.00
% Bench	\$ 0.0000%	\$ 0.0000%	\$ 0.0000%	\$ 0.0000%	\$ 121,362.36	\$ 205,419.24	65.06	(\$11.55)	(\$1.79)	(0.35)	(\$0.03)	(0.01)	\$ 0.0000%	\$ 655,969.57
Nymex plus \$0.35 Fixed Price														

Total CGC Purchase Gas Cost  
Total Benchmark Purchase Gas Cost

TAB: PBRdetails Analysis

Gas Cost  
Benchmark

\$ 53,524,038.90  
\$ 52,850,090.35  
\$ 675,968.55

TAB: PBR details

EXCLUDING FIXED RATE PURCHASES FOR OFF-SYSTEM SALES

Lease Fixed Price Purchases for Off System Sales

	SONAT	TennZ0	Tenn500leg	Tenn500leg	TennZ1	SONAT	TennZ1 & Z0	TennZ1	SONAT	TennZone 0	TennZone 0	Tenn500L	Tenn500L	SONAT	Tenn500L	Cost Over (Under) B
	(FOM)	(FOM)	(FOM)	(FOM)	(FOM-NRA)	(FOM-Storage)	(FOM-Storage)	(FOM-City Gate)	(Gas Daily)	(Gas Daily)	(Gas Daily - Storage)	(Gas Daily - Storage)	(Gas Daily - Storage)	(Gas Daily - CSS Storage)	(Gas Daily - City Gate)	\$
Jul-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.12)	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.01	(\$0.03)	\$	(9.11)
Aug-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.76)	\$0.00	(\$3.28)	\$4.67	(\$5.74)	\$0.00	\$	(76.52)	\$	8.55
Sep-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.94)	\$0.00	\$14.82	\$0.00	(\$1.31)	\$0.00	\$	8.55	\$	(108.31)
Oct-08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14.72	\$0.00	(\$113.14)	\$0.00	\$3.42	(\$13.31)	\$0.00	\$	32,207.27	10,253.16
Nov-08	\$0.00	\$0.00	\$0.00	\$0.00	\$32,298.01	\$0.00	\$0.00	\$0.00	\$2.43	\$0.00	\$6.82	\$0.00	\$	10,253.16	\$	19,416.76
Dec-08	\$0.00	\$0.00	\$0.00	\$0.00	\$10,282.41	\$0.00	\$0.00	\$0.00	(\$2.63)	\$0.00	(\$1.63)	\$0.00	\$	19,416.76	\$	30,686.66
Jan-09	\$0.00	\$0.00	\$0.00	\$0.00	\$19,850.58	\$0.00	\$0.00	\$0.00	(\$5.17)	\$0.00	\$0.00	\$0.00	\$	30,686.66	\$	3,651.46
Feb-09	\$0.00	\$0.00	\$0.00	\$0.00	\$19,425.43	\$0.00	\$0.00	\$0.00	(\$11.73)	\$0.00	\$0.00	\$0.00	\$	3,651.46	\$	22,922.92
Mar-09	\$0.00	\$0.00	\$0.00	\$0.00	\$30,696.91	\$0.00	\$0.00	\$0.00	(\$10.36)	\$0.00	\$0.00	\$0.00	\$	22,922.92	\$	22,922.92
Apr-09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.64	\$0.00	\$3.28	\$0.00	(\$17.47)	\$0.00	\$	22,922.92	\$	22,922.92
May-09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$	22,922.92	\$	22,922.92
Jun-09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$	22,922.92	\$	22,922.92
\$	\$	\$	\$	\$	\$	\$	55.06	\$	(\$11.55)	(\$1.79)	(0.35)	(\$0.03)	(\$0.01)	\$	\$	\$
% Bench	0.0000%	0.0000%	0.0000%	0.0000%	2.7865%	0.0000%	0.0007%	0.0000%	-0.7290%	-0.0016%	0.0000%	0.0000%	-0.0004%	0.0000%	0.0000%	

TAB: PBRdetails Analysis

Gas Cost  
Benchmark

\$50,385,671.92  
\$50,284,508.22  
\$ 121,163.71

TAB: PBR details

Total Gas Cost  
Lease Fixed Price Purchases  
Gas Cost

Benchmark  
Lease Fixed Price Purchases Benchmark  
Benchmark less fixed purchases.

\$ 52,859,080.38  
\$2,593,561.17  
\$ 50,264,508.22  
\$121,163.71