A PROFESSIONAL LIMITED LIABILITY COMPANY

ATTORNEYS AT LAW

333 UNION STREET SUITE 300 NASHVILLE, TENNESSEE 37201 TELEPHONE (615) 254-9146 TELECOPIER (615) 254-7123 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

Sect. (SD)

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,

J¢nnifer L. Brundige

Enclosures

cc:

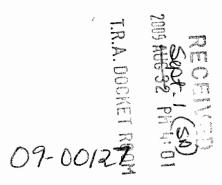
Archie Hickerson

2207 Olan Mills Drive Chattanooga TN 3742

AGL Resources
Atlanta Gas Light
Chattanooga Gas
Elizabethtown Gas
Elkton Gas
Florida City Gas
Virginia Natural Gas
AGL Networks
Sequent Energy Management

September 28, 2009

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



Re: Chattanooga Gas Company Annual Report of Actual Gas Cost and Applicable Indices for the twelve months ended June 30, 2007.

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.



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, Such L. Hickerson Archie R. Hickerson

Director-Regulatory Affairs

C: Ms. Amanda Hwang Mrs. Pat Murphy

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3			Total	1	
Louis	Jui-08 Aug-08 Sep-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Jan-09 Mar-09 Mar-09 Mar-09 Mar-09		% Bench 0.001  Total CGC Purchase Gas Cost Total Benchmark Purchase Gas Cost	Jul-08 Aug-08 Sap-08 Sap-08 Oct-08 Nov-08 Dec-09 Feb-09 An-09 An-09 May-09 May-09 Jun-09	
S. DOOR A	\$ 5000 \$000 \$000 \$000 \$000 \$000 \$000 \$00	SONAT	0.0000% las Cost hase Gost Cost	\$0.00 \$0.00	SONAT
5000	2000 00 00 00 00 00 00 00 00 00 00 00 00	Tean/ZD (FDM)	0.0000%	\$50.00 \$5	Tenn/Z0 (FOM)
C SUCCES	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	Tenn/508leg (FOM)	0.0000%	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	Tehn/500/eg (FOM)
5,000	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	EXCLUD  Exclud  Fon/800leg	0.0000%	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	Tenn/B00leg (FOM)
N. Cook	SALESCARE THE FOREST WAR	ING FIXED RATE  TonnZ1  (FOM-Non.)	2.7606% Nymex plus \$0.35	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.22,290.01 \$19.262.41 \$19.665.50 \$19.424.43 \$0.00 £1 \$0.00	Tenn/Z1 (FOM-Nora)
2000	200 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	PURCHASES FOR	17.2482% Fixed Price	\$0,00 \$215,751,43 \$25,741 87; \$1,590,53; \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00	SONAT (FOM-Storage)
2000	(\$1.76) (\$1.76) (\$1.77) (\$1.77) (\$1.00) (\$0.00) (\$0.00) (\$0.00) (\$0.00) (\$1	EXCLUDING FIXED RATE PURCHASES FOR OFF-SYSTEM SALES  REGIDES  Tennizi SONAT Tennizi 170  OM.) (FOM-Near) (FOM-Strenger) (FOM-S	0.0007%	(\$9 12) (\$1 78) (\$0 94) \$14,72 \$0.00 \$1.00 \$0.00 \$0.00 \$10.00 \$10.00 \$10.00 \$10.00	TenniZ1 8Z9 (FOM-Storage)
200	\$25 \$25 \$35 \$35 \$35 \$35 \$35 \$35 \$35 \$35 \$35 \$3	ALES TenniZ', (FOM-City Gale)	24.1970%	\$30,398.56 \$10,00 \$0 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00 \$0 \$0,00 \$0,00 \$0,00 \$0,00 \$0,00	SONAT (FOM-City Gata)
- C. A. D. C. A.	\$0.01 (\$79.23) \$14.82 (\$17.3.14) \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	SONAT (Gas Daily)	-0.0015%	\$0.01 \$14.82 \$14.82 \$172.143 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	SONAT (Gas Daily)
1200	\$4,67 \$0,00 \$0,00 \$2,48 \$27,83 \$41,73 \$41,73 \$41,73 \$10,00 \$0,00 \$50,00 \$50,00 \$50,00	Tenn/Zone 0 (Gas Dally) (G.	-0.0016%	\$0.00 \$4.67 \$0.00 \$2.43 \$0.00 \$2.43 \$10.75 \$11.73 \$10.33 \$0.00 \$0.00 \$0.00 \$0.00	TenniZone 0 (Gas Daily) (G
CANCEL &	(55,37) (51,37	TennőZone O TennőBOL (Gos Dully - Skorege) (Gos Dully - Skorege)	0.0000%	\$0,00 \$5,743 \$1,373 \$1,373 \$1,373 \$1,373 \$0,00 \$	Tenn/Zone 0 (Cas Deily - Storage) (C
TAB: P	000 00 00 00 00 00 00 00 00 00 00 00 00		0.0000% TAB: F	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	Tenn560L (Gas Daily - Storage)
PBRdetalle Analysis	\$0.00 (\$1.00) \$1.00 \$0.0	Tean@BBL (Gas Dally - Storage & City Care)	-0.0004% PBRdetails Analysis	30.0H (\$4.02) (\$4.02) (\$4.02) (\$4.02) 30.00 30 30.00 30 30 30 30 30 30 30 30 30 30 30 30 3	Tenn800L (Gas Daily - Slorage & City Gate)
Bandmak Bandmak Bandmak Leas Frand Price Purchases Leas Frand Price Purchases Bandmak Bandmak Bandmak Bandmak Bandmak Bandmak		TAB: P  TAB: P  Loss Fixed Price  Tenn500L  (Gas Dally - ( NORA)	0.9000%	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	Tenn500L (Gas Darly - NORA)
Gas Cost Benchmark Benchmark Purchases Gas Cost Gas Cost Gas Cost Gas Cost	\$5.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	TAD: PBR details	0.0000% Gas Cost Benchmark	\$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 \$0.00	SONAT (Gas Daily - CSS Storage)
G.DUUU %	·	Off System Sali Tenn500L (Gas Dally -	0.0000%	. , , ,	Tenn500L (Gas Dañy - Cñy Gate)
\$50,266,601 93 \$50,026,608,22 \$121,60,77 \$53,624,036,07 \$53,624,036,07 \$53,036,671 03 \$53,036,671 03 \$53,036,01 17 \$50,264,501 22 \$50,264,501 22	(0.11) (76.50)	\$ 65,096.51 \$ 52,656,099.52 \$ 62,656,099.53 \$ 805,989.51 lea \$ 805,989.51 \$ 85,989.51	\$ 53,524,038.00 \$ 52,656,069.39	\$ 555,081,08 \$ (8,793.92) \$ (1,698.62) \$ 22,97,27 \$ 19,097.21 \$ 19,097.41 \$ 19,097.45 \$ 19,497.67 \$ 30,006.66 \$ 16,59 \$ 18,25 \$ 18,25 \$ 18,25 \$ 19,25 \$ 19,25	lincauding Fixed Price Purchases Cost Over (Under) Beuchmark \$\$
	0.001% 0.0021% 0.0022% 0.0022% 0.0016% 0.016% 0.4317% 0.4377% 0.4377% 0.1317% 0.1317% 0.001% 0.001% 0.001% 0.001%	hmark %%		-0.0001% 8.3068% 9.3068% -0.1731% -0.0271% -0.0271% 0.4317% 0.4474% 0.4474% 0.4035% 1.8868% 0.0010% 0.0010% 0.0010% 0.0015% 1.2599%	erchases chmark

\$121 163 71

## Summary Sheet Gas Cost Over (Under) Benchmark

	0.0000%	0.0000%	0.0000%	-0.0004%	0.0000%	0.0000%	-0.0016%	-0.0015%	24.1970%	0.0007%	17.2482%	2.7606%	0.0000%	0.0000%	0.0000%	0.0000%	% Bench
\$ 665,969.51		(0.01) \$	-	(30.03) \$	. \$	(0.35) \$	(51.79) \$		339,386.56 \$	55.06 \$	205,419.24	\$ 121,362.36 \$	5	·		\$	
\$ 22.93	-	(\$0.00) \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Jun-09
\$ 18.62	1	(\$0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18.61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	May-09
\$ (3.58	,	\$0.00 \$	\$0.00	(\$17 47)	\$0.00	\$3.28	\$0.00	\$0.00	\$0.00	\$10.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Apr-09
\$ 30,686.56	1	\$0,00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.36)	\$0.01	\$0.00	\$0.00	\$0.00	\$30,696.91	\$0.00	\$0.00	\$0.00	\$0.00	Mar-09
\$ 19,416.70	,	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$11.73)	\$0.00	\$0.00	\$0.00	\$0.00	\$19,428.43	\$0.00	\$0.00	\$0.00	\$0.00	Feb-09
\$ 19,647.41	1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$9 17)	(\$0.00)	\$0.00	\$0.00	\$0.00	\$19,656.59	\$0.00	\$0.00	\$0.00	\$0.00	Jan-09
\$ 19,253.16	-	\$0.00	\$0.00	(\$1.63)	\$0.00	\$0.00	(\$27.63)	\$0.01	\$0.00	\$0.00	\$0.00	\$19,282.41	\$0.00	\$0.00	\$0.00	\$0.00	Dec-08
\$ 32,307.27	,	\$0.00	\$0.00	\$6.82	\$0.00	\$0.00	\$2.43	\$0.00	\$0.00	\$0.00	\$0.00	\$32,298.01	\$0.00	\$0.00	\$0.00	\$0.00	Nov-08
\$ (1,698.63	1	\$0.00	\$0.00	(\$13.31)	\$0.00	\$3.42	\$0.00	(\$113 14)	\$0.00	\$14.72	(\$1,590.33)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Oct-08
\$ (8,733.32	,	\$0.00 \$	\$0.00	(\$4.02)	\$0.00	(\$1.31)	\$0.00	\$14.82	\$0.00	(\$0.94)	(58.741 87)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Sep-08
\$ 555,061.49	1	\$0.00	\$0.00	(80.43)	\$0.00	(\$5.74)	\$4.67	(\$73.28)	\$339,386.56	(\$1.73)	\$215,751.43	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Aug-08
(9.11		(\$0.09) \$	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00	(\$9.12)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Jul-08
\$\$	ity Gale)					(Gas Daily - Storage) (Gas Daily - Storage)	(Gas Daily) (G	(Gas Daily)	(FOM-City Gate)	(FOM-Storage)	(FOM-Storage)	(FOM-Nora)	(FOM)	(FOM)	(FOM)	(FOM)	
Cost Over (Under) B	Tenn500L C (Gas Daily -	SONAT Te Gas Daily - CSS (G	Tenn500L (Gas Daily - (Ga	Tenn800L Gas Daily - Storage &	Tenn500L (G	Tenn/Zone 0	Tenn/Zone 0	SONAT	SONAT	Tenn/Z1 &Z0	SONAT	Tenn/Z1	Tenn/800leg	Tenn/500leg	Tenn/Z0	SONAT	
lincluding Fixed Price	=																

## Total CGC Purchase Gas Cost Total Benchmark Purchase Gas Cost

Nymex plus \$0,35

Fixed Price

TAB:

PBRdetails Analysis

Gas Cost Benchmark

53,524,038.90 52,858,069.30

665,969.51

TAB:

PBR details

53,524,038.90 52,858,069,30

665,969.51

Less Fixed Price Purchases for Off System Sales

## EXCLUDING FIXED RATE PURCHASES FOR OFF-SYSTEM SALES

\$50,385,671.93 \$50,264,506.22		Gas Cost Benchmark		PBRdetalls Analysis	TAB; P												
	0.0000%	0.0000%	0.0000%	-0.0004%	0.0000%	0.0000%	-0.0016%	-0.7290%	0.0000%	0.0007%	0.0000%	2.7606%	0.0000%	0.0000%	0.0000%	0.0000%	% Bench
\$ 121,163.71		\$ (0.01)	•	\$ (30.03)		\$ (0.35) \$	(51.79)	(171.55) \$	- 5	\$ 55.06 \$		121,362.36		-		69	
\$ 22.92		(\$0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Jun-09
\$ 18.62		(\$0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18.61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	May-09
\$ (3.56		\$0.00	\$0.00	(\$17.47)	\$0.00	\$3.28	\$0.00	\$0.00	\$0.00	\$10.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Apr-09
\$ 30,686.56	1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.38)	\$0.01	\$0.00	\$0.00	\$0.00	\$30,690.91	\$0.00	\$0.00	\$0.00	\$0.00	Mar-09
\$ 19,416.70		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1:.73)	\$0.00	\$0.00	\$0.00	\$0.00	\$19,428.43	\$0.00	\$0.00	\$0.00	\$0.00	Feb-09
\$ 19,647.41	,	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$9.17)	(\$0.00)	\$0.00	\$0.00	\$0.00	\$19,650.59	\$0.00	\$0.00	\$0.00	\$0.00	Jan-09
\$ 19,253.16		\$0.00	\$0.00	(\$1.63)	\$0.00	\$0.00	(\$27.63)	\$0.01	\$0.00	\$0.00	\$0.00	\$19,282.41	\$0.00	\$0.00	\$0.00	\$0.00	Dec-08
\$ 32,307.27		\$0.00	\$0.00	\$6.82	\$0.00	\$0.00	\$2,43	\$0.00	\$0.00	\$0.00	\$0.00	\$32,298.01	\$0.00	\$0.00	\$0.00	\$0.00	Nov-08
\$ (108.31	1	\$0.00	\$0,00	(\$13.31)	\$0.00	\$3.42	\$0.00	(\$113 14)	\$0.00	\$14.72	\$0,00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Oct-08
\$ 8,55	,	\$0.00	\$0.00	(\$4.02)	\$0.00	(\$1.31)	\$0.00	\$14.82	\$0.00	(\$0.94)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Sep-08
\$ (76,50		\$0.00	\$0.00	(\$0.43)	\$0.00	(\$5.74)	\$4.67	(\$73.23)	\$0.00	(\$1.78)	\$0,60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Aug-08
\$ (9.11		(\$0.00)	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00	(\$9.12)	\$0.00	\$0.00	\$0.00	\$0,00	\$0.00	\$0.00	Jul-08
\$	City Gate)	Storage)	NORA)	City Gate)		(Gas Daily - Storage) (Gas Daily - Storage)	(Gas Daily) (	(Gas Daily)	(FOM-City Gate)	(FOM-Storage)	(FOM-Storage)	(FOM-Nora)	(FOM)	(FOM)	(FOM)	(FOM)	
Cost Over (Under) Be			Tenn500L	Tenn800L	Tenn500L	Tenn/Zone 0	Tenn/Zone 0	SONAT	Tenn/Z1	Tenn/Z1 &Z0	SONAT	Tenn/Z1	Tenn/800leg	Tenn/500leg	Tenn/Z0	SONAT	

TAB:

PBR details

Total Gas Cost Less Fixed Price Purchases Gas Cost

> \$63,524,038.90 \$3,138,366,97 \$50,385,671.93

121,163.71

Benchmark
Less Fixed Price Purchases Benchmark
Benchmark less fixed purchases.

52,858,069.39 \$2,593,561.17 50,264,508.22

\$121,163.71