

ATTORNEYS AT LAW

333 UNION STREET
SUITE 300
NASHVILLE, TENNESSEE 37201

TELEPHONE (615) 254-9146
TELECOPIER (615) 254-7123
WWW.LUNALAWNASHVILLE.COM

Jennifer L. Brundige
jbrundige@LunaLawNashville.com

January 25, 2010

VIA HAND DELIVERY

Chairman Sara Kyle
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-00505

Re: Docket No. 09-00183

Dear Chairman Kyle:

Enclosed please find the original and four (4) copies of Chattanooga Gas Company's ("CGC") electronic filing of its responses to the Tennessee Regulatory Authority ("TRA") Staff's Data Request #1 in the above referenced docket. Portions of CGC's response to request no. 1 contain confidential information and are being filed under seal in good faith reliance on the entry of the TRA's standard protective order filed by CGC.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,



Jennifer L. Brundige

Enclosures

cc: Counsel of Record
Gary Hotvedt, Esq.
Elizabeth Wade, Esq.
Archie Hickerson

Data Request No. 1

Question 1: Reference the Company's responses to Minimum Filing Requirements (MFR) Questions 18, 21, 24, 26, 30, 31, 32, 35, 36, 38, 42, 43, 44, 45, 52, 53, 56, 61, 67, 71, 79, 81, and 93. With regard to the previously filed pdf files provided in these responses, please provide all of the exhibits, schedules and workpapers in electronic format via CD with working formulas in the Excel files.

Response:

Please see enclosed "TRA Staff – 1 Data Request No. 1, CD 1-1" for schedules with working formulas in Excel files. Please see enclosed "TRA Staff – 1 Data Request No. 1, CD 1-2" marked confidential for following components of the response that are being filed under seal pending approval of a protective order: the general ledger activity for AGL Resources Inc., CGC's parent company, contained in Item 21, Item 24 Schedules 5-8 and Item 44-2. The Company filed a proposed protective order with its initial case filing. The Company is submitting these confidential documents in good faith reliance upon the issuance of the TRA's standard protective order as proposed by the Company. In the event that such protective order is not entered and these documents are no longer deemed protected, CGC reserves the right to withdraw the filing of these confidential documents and assert an objection to the discovery of this material.

Data Request No. 1

Question 2: The Excel file provided for Staff use in response to MFR 25 contains cells that do not contain formulas or contain formula which results in "NAME?" Provide the Excel workbook originally filed in response to MFG 25 with working references and formulas which result in the amounts intended to be presented by the Company.

Response:

The file is set to manual calculation and to make it operate properly please push the F9 function key.

Data Request No. 1

Question 3: On Exhibit MHS-1, p. 1 of 5 of Ms. Shield's Direct Testimony, Meter Sets in the test period are 1,214 and 801 in the attrition period. Explain the 34% forecasted decline, considering positive residential customer growth from 12 month-to-date June 30, 2008 to 12 month-to-date June 30, 2009 as calculated by Staff using 3.03 Monthly Reports provided by the Company.

Response:

The meter set number shown on Exhibit MHS-1, p. 1 of 5, represents total meter sets including meters for new customers and replacement meters for existing customers either upgrading or downgrading their service. As shown on the attached schedule TRA 1-3.1, as of Dec 2009, actual new meter sets on a 12 month rolling basis have declined to 532 new meters compared to 742 new meters as of Dec 2008. This results in a 28% decline in new meter sets from year end 2008 to 2009. Please note that this schedule only includes new meter sets and does not include replacement meters for existing customers. Therefore, the amounts on schedule TRA 1-3.1 will not tie to the total meter sets on Exhibit MHS-1, p. 1 of 5 of Ms. Shield's Direct Testimony.

While the Company expects to see a similar level of replacement meters in the attrition year, the company is anticipating a drop in the number of new meters. Further, as shown below, the monthly 3.03 reports are showing a drop in both residential and commercial customer counts not an increase.

| | | Jun-09 | Jun-08 | Difference |
|-------------|-------|--------|--------|------------|
| Residential | | 52,750 | 53,132 | -382 |
| Commercial | | 7,933 | 8,026 | -93 |
| Industrial | | 248 | 256 | -8 |
| Other | | 0 | 0 | 0 |
| | TOTAL | 60,931 | 61,414 | -483 |

As such the 34% decline that is in attrition year forecast for new meter sets and replacement meters for existing customers is consistent with the actual data and current market conditions.

Chattanooga Gas Company

Monthly New Meter Sets

TRA 1-3.1

Docket No. 09-00183

Page 1 of 1

| | | | | 12 Month Rolling | | |
|--------|---------------------------|-------------------------------|-------|---------------------------|-------------------------------|-------|
| | Residential (R-1, R-4) | Commercial (C-1, C-2, T-3) | Total | Residential (R-1, R-4) | Commercial (C-1, C-2, T-3) | Total |
| Jul-06 | 53 | 5 | 58 | | | |
| Aug-06 | 73 | 13 | 86 | | | |
| Sep-06 | 81 | 18 | 99 | | | |
| Oct-06 | 83 | 23 | 106 | | | |
| Nov-06 | 176 | 43 | 219 | | | |
| Dec-06 | 104 | 17 | 121 | | | |
| Jan-07 | 104 | 12 | 116 | | | |
| Feb-07 | 105 | 20 | 125 | | | |
| Mar-07 | 63 | 9 | 72 | | | |
| Apr-07 | 92 | 8 | 100 | | | |
| May-07 | 95 | 7 | 102 | | | |
| Jun-07 | 33 | 5 | 38 | 1062 | 180 | 1242 |
| Jul-07 | 91 | 8 | 99 | 1100 | 183 | 1283 |
| Aug-07 | 49 | 7 | 56 | 1076 | 177 | 1253 |
| Sep-07 | 53 | 11 | 64 | 1048 | 170 | 1218 |
| Oct-07 | 95 | 25 | 120 | 1060 | 172 | 1232 |
| Nov-07 | 85 | 24 | 109 | 969 | 153 | 1122 |
| Dec-07 | 70 | 16 | 86 | 935 | 152 | 1087 |
| Jan-08 | 52 | 20 | 72 | 883 | 160 | 1043 |
| Feb-08 | 35 | 9 | 44 | 813 | 149 | 962 |
| Mar-08 | 42 | 14 | 56 | 792 | 154 | 946 |
| Apr-08 | 76 | 11 | 87 | 776 | 157 | 933 |
| May-08 | 33 | 11 | 44 | 714 | 161 | 875 |
| Jun-08 | 39 | 6 | 45 | 720 | 162 | 882 |
| Jul-08 | 53 | 7 | 60 | 682 | 161 | 843 |
| Aug-08 | 38 | 8 | 46 | 671 | 162 | 833 |
| Sep-08 | 56 | 35 | 91 | 674 | 186 | 860 |
| Oct-08 | 59 | 22 | 81 | 638 | 183 | 821 |
| Nov-08 | 37 | 19 | 56 | 590 | 178 | 768 |
| Dec-08 | 42 | 18 | 60 | 562 | 180 | 742 |
| Jan-09 | 51 | 9 | 60 | 561 | 169 | 730 |
| Feb-09 | 47 | 12 | 59 | 573 | 172 | 745 |
| Mar-09 | 20 | 10 | 30 | 551 | 168 | 719 |
| Apr-09 | 38 | 4 | 42 | 513 | 161 | 674 |
| May-09 | 16 | 4 | 20 | 496 | 154 | 650 |
| Jun-09 | 34 | 4 | 38 | 491 | 152 | 643 |
| Jul-09 | 23 | 6 | 29 | 461 | 151 | 612 |
| Aug-09 | 23 | 7 | 30 | 446 | 150 | 596 |
| Sep-09 | 61 | 9 | 70 | 451 | 124 | 575 |
| Oct-09 | 33 | 12 | 45 | 425 | 114 | 539 |
| Nov-09 | 53 | 7 | 60 | 441 | 102 | 543 |
| Dec-09 | 32 | 17 | 49 | 431 | 101 | 532 |

Data Request No. 1

Question 4: Staff calculated test period revenues for each customer class, using customer counts and volumes from the "Monthly Schedule of Customers, Volumes, & Revenues" provided monthly by the Company, and tariff rates in effect during the test period. Staff then used Company test period billing determinants provided in Exhibit MHS-1 of Ms. Shield's Direct Testimony and tariff rates in effect during the test period to determine Company margin revenues (they were not provided on MHS-1). Explain the following Staff calculated variances:

| Rate Class | Staff Calculation | Company Calculation | Variance |
|------------------|-------------------|---------------------|----------|
| Residential | \$13,546,018 | \$13,526,251 | \$19,767 |
| F1/T2 Industrial | \$1,745,616 | \$1,700,695 | \$44,921 |
| Total F1/T2 + T1 | \$1,014,362 | \$989,036 | \$25,326 |

Response: CGC has received additional time from the TRA Staff to respond to this request.

Data Request No. 1

Question 5: Staff used the 3.03 Monthly Reports submitted by the Company from June 2007 to June 2009 to calculate the 13 end of month average customer growth for the test period shown in the chart below. Respond to the questions following the chart.

| 13 End of Month Average | Residential | Commercial | Industrial | Total |
|--------------------------------|--------------------|-------------------|-------------------|--------------|
| At June 30, 2008 | 53,084 | 8,094 | 245 | 61,423 |
| At June 30, 2009 | 53,129 | 7,959 | 256 | 61,344 |
| Customer Growth | .085% | -1.668% | 4.490% | -0.129% |

- a. Based upon the chart above, explain why negative adjustments are made to the number of residential test period bills on Ms. Shield's Direct Testimony Exhibit MHS-1, p. 2 of 5.
- b. Based upon the chart above, explain why a negative adjustment is made to the number of industrial test period bills on Ms. Shield's Direct Testimony Exhibit MHS-1, p. 4 of 5.

Response:

- a.) The adjustment shown on Exhibit MHS-1, p. 2 of 5 is made as a result of forecast for decreased residential new growth as compared with the test year. As is shown in the attachment TRA 1-3.1, provided in response to TRA Staff Data request No.3, new residential meter sets have declined substantially from the test period. The adjustment for the forecast merely reflects this lower level growth
- b.) The industrial number shown in the TRA 3.03 reports includes customers billed under the C-1, C-2, and T-3 rates. The declines shown on Exhibit MHS-1, p. 4 of 5, are for the F1/T2, F1/T2/T1, T1, and SS-1 customers.
 - For the drops shown in F1/T2, F1/T2/T1, and T1 classes are for customers that are no longer receiving gas service under these tariff classifications and are not expected to receive gas service under these tariff classifications either due to a plant shut-down, termination of their account, or drop in projected consumption leading to a change to either the C-1, C-2, or T-3 rate classifications.
 - In the case of SS-1 no T-1 customers are receiving discounted rates at this time or are projected to in the attrition year, hence the drop.

Data Request No. 1

Question 6: Staff used the 3.03 Monthly Reports submitted by the Company to calculate total Dths used by each customer class for the 12 months ended June 30, 2008 and for the 12 months ended June 30, 2009. The results are shown in the chart below.

Respond to the question following the charts below.

| Total Dths | Residential | Commercial | Industrial | Total |
|-----------------------|--------------------|-------------------|-------------------|--------------|
| 12 Month to Date 6/08 | 3,400,192 | 2,819,683 | 9,058,660 | 15,278,535 |
| 12 Month to Date 6/09 | 3,584,582 | 2,671,407 | 8,030,583 | 14,286,572 |

Staff used the 12 month to date June 30, 2008 and June 30, 2009 usage and average customers for the 12 month to date June 30, 2008 and June 30, 2009 (calculated in question 6) to determine average usage per customer in Dths as shown below.

| Average Dths/Customer | Residential | Commercial | Industrial | Total |
|------------------------------|--------------------|-------------------|-------------------|--------------|
| 12 Month to Date 6/08 | 64.05 | 348.36 | 37,009 | 248.74 |
| 12 Month to Date 6/09 | 67.47 | 335.66 | 31,322 | 232.89 |
| Percent Change | 5.34% | -3.65% | -15.37% | -6.37% |

- a. Given the calculations above, why did the Company project a decrease in residential therms of 1,003,870 (column (2) + column (4)) on Ms. Shield's Direct Testimony Exhibit MHS-1, p. 2 of 5?

Response:

The decline shown in column (2) on p. 2 of 5 of Exhibit MHS-1 is labeled Normalization and Conservation Adjustment.

First, there is a -1.1% per year rate of decline in annual consumption as a result of conservation by Chattanooga Gas residential customers factored into when calculating consumption. (Refer Exhibit MHS-4)

Secondly, this is consistent with the data shown in the tables above when (HDD's) heating degree days are factored into the comparison. The increase in residential consumption shown above is in large part the result of an increase in weather from 12 months ending June 2008 to the 12 months ending June 2009. During the 12 months

ending June 2008, there were 2,857 heating degree days (HDD's) recorded at NOAA weather station at Lovell field in Chattanooga. For the 12 months ending June 2009, there were 3,155 heating degree days (HDD's) recorded. This is an increase of approximately 10.4%. When based load that is non-heat sensitive is accounted for and effects of long term conservation are factored in this lead to the only 5.34% increase in average consumption shown. The attrition period forecast employs an updated normal weather pattern of 3,173 HDD's based upon the 30 year period July, 1, 1979 to June 30, 2009. This means that the attrition period is based upon a weather pattern that is only 0.6% colder than the 12 months ending June 30, 2009. This means that the drop shown in column (2) on p. 2 of 5 of Exhibit MHS-1 is primarily the result of the aforementioned - 1.1% annual rate of conservation.

The drop shown in column (4) on p. 2 of 5 of Exhibit MHS-1 is the result of the projected decrease in net residential customers that results from the reduced growth rate explained in the response to TRA Staff Request - 1, Data Requests No. 3 and 5. If net billing units decrease absent other considerations, then consumption decreases also.

Data Request No. 1

Question 7: Staff performed a fluctuation and analytical review on revenues reported on the Company's 3.03 Monthly Reports for the 24 months ended June 30, 2009 and noted the following variances. Provide a detailed explanation, with accompanying workpapers, to explain the differences below:

| Analytical Review | | | | |
|--------------------------|--|-------------|-------------|-----------------|
| Account Description | | Between | | Variance Amount |
| Other Operating Revenues | | December 07 | December 08 | (123,420) |
| Other Operating Revenues | | January 08 | January 09 | (426,746) |
| Other Operating Revenues | | February 08 | February 09 | (559,386) |
| Other Operating Revenues | | March 08 | March 09 | (497,733) |
| Other Operating Revenues | | April 08 | April 09 | (354,272) |
| Other Operating Revenues | | May 08 | May 09 | (410,731) |

| Fluctuation Review | | | | |
|--------------------------|--|--------------|-------------|-----------------|
| Account Description | | Between | | Variance Amount |
| Other Operating Revenues | | July 08 | August 08 | (651,339) |
| Other Operating Revenues | | September 08 | October 08 | (957,269) |
| Other Operating Revenues | | November 08 | December 08 | (100,861) |
| Other Operating Revenues | | March 09 | April 09 | (153,227) |
| Other Operating Revenues | | April 09 | May 09 | (136,153) |

EXPENSES:**Response:**

Please see the attached schedule TRA 1-7.1, pages 1-11.

Chattanooga Gas Company

Other Revenues Variances

| | Dec 2008 | Dec 2007 | Variance | Comments |
|---|-------------------|---------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | Customer Margin Revenue |
| LNG Sales | \$ 14,580 | \$ - | \$ 14,580 | Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 36,856 | \$ 25,008 | \$ 11,847 | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 960 | \$ 1,220 | \$ (260) | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 7,727 | \$ 4,953 | \$ 2,774 | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 887 | \$ 963 | \$ (76) | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 11,732 | \$ 9,200 | \$ 2,532 | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 4,840 | \$ 3,398 | \$ 1,442 | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ 52 | \$ 16 | \$ 37 | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (2) | \$ (1) | \$ (2) | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ (36) | \$ 36 | Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 160,789 | \$ 174,672 | \$ (13,883) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 394,718 | \$ 347,772 | \$ 46,945 | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (51,413) | \$ 276,261 | \$ (327,674) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 341,039 | \$ 204,865 | \$ 136,175 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ 13,101 | \$ 18,427 | \$ (5,326) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 10,923 | \$ 3,757 | \$ 7,165 | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 3,113 | \$ 3,211 | \$ (98) | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 546 | \$ 181 | \$ 365 | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | |
| Total Other Operating Revenues | \$ 950,448 | \$ 1,073,868 | \$ (123,420) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 568,608 | \$ 540,872 | \$ 27,737 | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 77,634 | \$ 51,871 | \$ 25,763 | |
| sub-total | \$ 646,242 | \$ 592,743 | \$ 53,500 | |
| LNG Sales (Non-Jurisdictional) | \$ 14,580 | \$ - | \$ 14,580 | |
| Cost of Sales (Non-Margin Pass Through) | \$ 289,626 | \$ 481,126 | \$ (191,499) | Non-Margin Gas Cost Recovery, Rates and Volumes decreased |
| Total | \$ 950,448 | \$ 1,073,868 | \$ (123,420) | |

Chattanooga Gas Company

Other Revenues Variances

| | Jan 2009 | Jan 2008 | Variance | Comments |
|---|---------------------|---------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | Customer Margin Revenue |
| LNG Sales | \$ 10,578 | \$ - | \$ 10,578 | Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 67,014 | \$ 61,615 | \$ 5,399 | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,840 | \$ 1,340 | \$ 500 | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 1,382 | \$ 5,140 | \$ (3,759) | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 609 | \$ 545 | \$ 64 | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 9,611 | \$ 10,968 | \$ (1,357) | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 3,125 | \$ 4,496 | \$ (1,372) | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ 50 | \$ (2) | \$ 52 | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (3) | \$ (1) | \$ (2) | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ (12) | \$ 12 | Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 495,624 | \$ 180,319 | \$ 315,304 | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 131,267 | \$ 434,592 | \$ (303,326) | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (62,308) | \$ 451,580 | \$ (513,888) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 358,365 | \$ 278,971 | \$ 79,394 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ 14,752 | \$ 21,232 | \$ (6,480) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 1,749 | \$ 3,513 | \$ (1,763) | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 2,849 | \$ 8,785 | \$ (5,936) | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 87 | \$ 255 | \$ (168) | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | |
| Total Other Operating Revenues | \$ 1,036,590 | \$ 1,463,336 | \$ (426,746) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 641,642 | \$ 636,143 | \$ 5,499 | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 88,313 | \$ 96,642 | \$ (8,329) | |
| sub-total | \$ 729,955 | \$ 732,785 | \$ (2,830) | |
| LNG Sales (Non-Jurisdictional) | \$ 10,578 | \$ - | \$ 10,578 | |
| Cost of Sales (Non-Margin Pass Through) | \$ 296,057 | \$ 730,551 | \$ (434,494) | Non-Margin Gas Cost Recovery, Rates and Volumes decreased |
| Total | \$ 1,036,590 | \$ 1,463,336 | \$ (426,746) | |

Chattanooga Gas Company

Other Revenues Variances

| | Feb 2009 | Feb 2008 | Variance | Comments |
|---|---------------------|---------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | - Customer Margin Revenue |
| LNG Sales | \$ - | \$ - | \$ - | - Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 55,590 | \$ 63,036 | \$ (7,447) | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,500 | \$ 1,700 | \$ (200) | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 5,929 | \$ 6,501 | \$ (572) | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 268 | \$ 109 | \$ 158 | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 7,958 | \$ 10,995 | \$ (3,037) | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 2,128 | \$ 2,786 | \$ (658) | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ (5) | \$ - | \$ (5) | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (2) | \$ (2) | \$ 0 | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 152,594 | \$ 170,011 | \$ (17,417) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 425,731 | \$ 390,410 | \$ 35,321 | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (68,848) | \$ 580,893 | \$ (649,742) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 418,547 | \$ 309,783 | \$ 108,763 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ - | \$ 28,422 | \$ (28,422) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 1,582 | \$ - | \$ 1,582 | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 1,558 | \$ (650) | \$ 2,208 | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 79 | \$ - | \$ 79 | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | - |
| Total Other Operating Revenues | \$ 1,004,609 | \$ 1,563,995 | \$ (559,386) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 578,325 | \$ 588,843 | \$ (10,518) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 76,585 | \$ 84,475 | \$ (7,890) | |
| sub-total | \$ 654,910 | \$ 673,318 | \$ (18,408) | |
| LNG Sales (Non-Jurisdictional) | \$ - | \$ - | \$ - | |
| Cost of Sales (Non-Margin Pass Through) | \$ 349,698 | \$ 890,677 | \$ (540,978) | Non-Margin Gas Cost Recovery, Rates and Volumes decreased |
| Total | \$ 1,004,609 | \$ 1,563,995 | \$ (559,386) | |

Chattanooga Gas Company

Other Revenues Variances

| | Mar 2009 | Mar 2008 | Variance | Comments |
|---|-------------------|---------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | - Customer Margin Revenue |
| LNG Sales | \$ - | \$ - | \$ - | - Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 73,908 | \$ 74,463 | \$ (555) | Miscellaneous Margin Revenue |
| Returned Check - Marketer | \$ 1,500 | \$ 1,520 | \$ (20) | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 3,853 | \$ 5,142 | \$ (1,289) | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 27 | \$ (11) | \$ 37 | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 6,772 | \$ 7,339 | \$ (567) | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 1,460 | \$ 1,594 | \$ (134) | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (0) | \$ (2) | \$ 2 | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 174,523 | \$ 176,215 | \$ (1,692) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 403,509 | \$ 377,791 | \$ 25,718 | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (55,550) | \$ 492,479 | \$ (548,029) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 301,735 | \$ 244,580 | \$ 57,155 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ - | \$ 31,117 | \$ (31,117) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 6,917 | \$ 2,931 | \$ 3,986 | Miscellaneous Margin Revenue |
| Uncoil Accts-Damage Mains | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 550 | \$ 1,978 | \$ (1,429) | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 346 | \$ 147 | \$ 199 | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | - |
| Total Other Operating Revenues | \$ 919,550 | \$ 1,417,283 | \$ (497,733) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 578,032 | \$ 585,123 | \$ (7,091) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 95,333 | \$ 95,101 | \$ 231 | |
| sub-total | \$ 673,365 | \$ 680,224 | \$ (6,859) | |
| LNG Sales (Non-Jurisdictional) | \$ - | \$ - | \$ - | |
| Cost of Sales (Non-Margin Pass Through) | \$ 246,185 | \$ 737,058 | \$ (490,874) | Non-Margin Gas Cost Recovery, Rates and Volumes decreased |
| Total | \$ 919,550 | \$ 1,417,283 | \$ (497,733) | |

Chattanooga Gas Company

Other Revenues Variances

| | Apr 2009 | Apr 2008 | Variance | Comments |
|---|-------------------|---------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | - Customer Margin Revenue |
| LNG Sales | \$ - | \$ - | \$ - | - Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 52,101 | \$ 60,176 | \$ (8,074) | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,320 | \$ 1,300 | \$ 20 | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 6,727 | \$ 5,974 | \$ 754 | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 50 | \$ 105 | \$ (55) | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 5,556 | \$ 6,882 | \$ (1,327) | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 869 | \$ 1,613 | \$ (743) | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (0) | \$ (1) | \$ 0 | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 158,303 | \$ 177,293 | \$ (18,990) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 399,121 | \$ 352,325 | \$ 46,796 | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (52,061) | \$ 330,375 | \$ (382,437) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 188,844 | \$ 147,521 | \$ 41,323 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ - | \$ 32,494 | \$ (32,494) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 1,014 | \$ 2,431 | \$ (1,417) | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 4,428 | \$ 1,986 | \$ 2,442 | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 51 | \$ 122 | \$ (71) | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | - |
| Total Other Operating Revenues | \$ 766,323 | \$ 1,120,595 | \$ (354,272) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 557,424 | \$ 562,111 | \$ (4,688) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 72,117 | \$ 80,587 | \$ (8,471) | |
| sub-total | \$ 629,540 | \$ 642,699 | \$ (13,158) | |
| LNG Sales (Non-Jurisdictional) | \$ - | \$ - | \$ - | |
| Cost of Sales (Non-Margin Pass Through) | \$ 136,782 | \$ 477,896 | \$ (341,114) | Non-Margin Gas Cost Recovery, Rates and Volumes decreased |
| Total | \$ 766,323 | \$ 1,120,595 | \$ (354,272) | |

Chattanooga Gas Company

Other Revenues Variances

| | May 2009 | May 2008 | Variance | Comments |
|---|-------------------|---------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | Customer Margin Revenue |
| LNG Sales | \$ - | \$ - | \$ - | Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 28,249 | \$ 39,702 | \$ (11,453) | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,360 | \$ 980 | \$ 380 | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 7,921 | \$ 6,383 | \$ 1,538 | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ (5) | \$ (9) | \$ 5 | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 7,139 | \$ 8,006 | \$ (867) | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 952 | \$ 1,268 | \$ (315) | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ 27 | \$ - | \$ 27 | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (1) | \$ (2) | \$ 2 | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 140,106 | \$ 169,181 | \$ (29,075) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 368,872 | \$ 478,196 | \$ (109,324) | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (45,280) | \$ 204,096 | \$ (249,376) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 118,392 | \$ 92,515 | \$ 25,877 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ - | \$ 36,909 | \$ (36,909) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ - | \$ 1,300 | \$ (1,300) | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 2,437 | \$ 2,311 | \$ 125 | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ - | \$ 65 | \$ (65) | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | |
| Total Other Operating Revenues | \$ 630,170 | \$ 1,040,901 | \$ (410,731) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 508,978 | \$ 684,286 | \$ (175,309) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 48,081 | \$ 60,004 | \$ (11,923) | |
| sub-total | \$ 557,058 | \$ 744,290 | \$ (187,232) | |
| LNG Sales (Non-Jurisdictional) | \$ - | \$ - | \$ - | |
| Cost of Sales (Non-Margin Pass Through) | \$ 73,112 | \$ 296,611 | \$ (223,499) | Non-Margin Gas Cost Recovery, Rates and Volumes decreased |
| Total | \$ 630,170 | \$ 1,040,901 | \$ (410,731) | |

Chattanooga Gas Company

Other Revenues Variances

| | Jul 2008 | Aug 2008 | Variance | Comments |
|---|---------------------|---------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | Customer Margin Revenue |
| LNG Sales | \$ 1,490,969 | \$ 930,618 | \$ (560,351) | Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 18,336 | \$ 16,541 | \$ (1,795) | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,620 | \$ 480 | \$ (1,140) | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 9,350 | \$ 9,534 | \$ 184 | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 159 | \$ (14) | \$ (173) | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 8,567 | \$ 8,595 | \$ 28 | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 1,516 | \$ 1,741 | \$ 225 | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (3) | \$ (1) | \$ 2 | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 150,575 | \$ 155,354 | \$ 4,780 | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 342,332 | \$ 348,324 | \$ 5,993 | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ 165,668 | \$ 88,290 | \$ (77,377) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 90,941 | \$ 88,656 | \$ (2,285) | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ 32,255 | \$ 17,349 | \$ (14,906) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 3,350 | \$ 566 | \$ (2,785) | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 3,653 | \$ 1,953 | \$ (1,699) | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 87 | \$ 49 | \$ (39) | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | |
| Total Other Operating Revenues | \$ 2,319,375 | \$ 1,668,036 | \$ (651,339) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 525,162 | \$ 521,028 | \$ (4,134) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 46,635 | \$ 39,444 | \$ (7,191) | |
| sub-total | \$ 571,797 | \$ 560,472 | \$ (11,325) | |
| LNG Sales (Non-Jurisdictional) | \$ 1,490,969 | \$ 930,618 | \$ (560,351) | Non-Jurisdictional Revenues/Gas cost of LNG |
| Cost of Sales (Non-Margin Pass Through) | \$ 256,609 | \$ 176,946 | \$ (79,663) | Non-Margin Gas Cost Recovery, Volumes decreased |
| Total | \$ 2,319,375 | \$ 1,668,036 | \$ (651,339) | |

Chattanooga Gas Company

Other Revenues Variances

| | Sep 2008 | Oct 2008 | Variance | Comments |
|---|---------------------|-------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | - Customer Margin Revenue |
| LNG Sales | \$ 1,028,873 | \$ 36,862 | \$ (992,011) | Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 14,923 | \$ 15,416 | \$ 493 | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,340 | \$ 600 | \$ (740) | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 6,059 | \$ 19,020 | \$ 12,961 | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 710 | \$ 4,310 | \$ 3,600 | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 7,788 | \$ 14,606 | \$ 6,818 | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 2,299 | \$ 4,949 | \$ 2,650 | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ 55 | \$ 187 | \$ 132 | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (1) | \$ (2) | \$ (1) | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 149,067 | \$ 157,676 | \$ 8,609 | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 347,294 | \$ 349,743 | \$ 2,449 | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ 79,675 | \$ 79,011 | \$ (665) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 86,068 | \$ 96,236 | \$ 10,169 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ 17,756 | \$ 17,711 | \$ (45) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 10,455 | \$ 2,835 | \$ (7,620) | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 8,347 | \$ 4,659 | \$ (3,688) | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 523 | \$ 142 | \$ (381) | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | - |
| Total Other Operating Revenues | \$ 1,761,230 | \$ 803,961 | \$ (957,270) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 514,117 | \$ 525,130 | \$ 11,013 | Customer Margin Revenue, Volumetric differences |
| Miscellaneous | \$ 52,498 | \$ 66,722 | \$ 14,224 | |
| sub-total | \$ 566,614 | \$ 591,851 | \$ 25,237 | |
| LNG Sales (Non-Jurisdictional) | \$ 1,028,873 | \$ 36,862 | \$ (992,011) | Non-Jurisdictional Revenues/Gas cost of LNG |
| Cost of Sales (Non-Margin Pass Through) | \$ 165,743 | \$ 175,247 | \$ 9,504 | |
| Total | \$ 1,761,230 | \$ 803,961 | \$ (957,270) | |

Chattanooga Gas Company

Other Revenues Variances

| | Nov 2008 | Dec 2008 | Variance | Comments |
|---|---------------------|-------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | Customer Margin Revenue |
| LNG Sales | \$ 7,629 | \$ 14,580 | \$ 6,951 | Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 14,444 | \$ 36,856 | \$ 22,412 | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,220 | \$ 960 | \$ (260) | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 11,546 | \$ 7,727 | \$ (3,819) | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 3,290 | \$ 887 | \$ (2,403) | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 14,336 | \$ 11,732 | \$ (2,604) | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 5,271 | \$ 4,840 | \$ (431) | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ 11 | \$ 52 | \$ 41 | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (2) | \$ (2) | \$ (1) | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 161,684 | \$ 160,789 | \$ (895) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 381,670 | \$ 394,718 | \$ 13,048 | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ 207,026 | \$ (51,413) | \$ (258,439) | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 191,925 | \$ 341,039 | \$ 149,114 | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ 43,174 | \$ 13,101 | \$ (30,073) | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 3,103 | \$ 10,923 | \$ 7,819 | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 4,763 | \$ 3,113 | \$ (1,650) | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 218 | \$ 546 | \$ 328 | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | |
| Total Other Operating Revenues | \$ 1,051,309 | \$ 950,448 | \$ (100,861) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 586,528 | \$ 568,608 | \$ (17,920) | Customer Margin Revenue, Volumes increased |
| Miscellaneous | \$ 58,202 | \$ 77,634 | \$ 19,433 | |
| sub-total | \$ 644,729 | \$ 646,242 | \$ 1,513 | |
| LNG Sales (Non-Jurisdictional) | \$ 7,629 | \$ 14,580 | \$ 6,951 | Non-Jurisdictional Revenues/Gas cost of LNG |
| Cost of Sales (Non-Margin Pass Through) | \$ 398,951 | \$ 289,626 | \$ (109,325) | Non-Margin Gas Cost Recovery, rates and Volumes decreased |
| Total | \$ 1,051,309 | \$ 950,448 | \$ (100,861) | |

Chattanooga Gas Company

Other Revenues Variances

| | Mar 2009 | Apr 2009 | Variance | Comments |
|---|-------------------|-------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | Customer Margin Revenue |
| LNG Sales | \$ - | \$ - | \$ - | Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 73,908 | \$ 52,101 | \$ (21,807) | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,500 | \$ 1,320 | \$ (180) | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 3,853 | \$ 6,727 | \$ 2,874 | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 27 | \$ 50 | \$ 23 | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 6,772 | \$ 5,556 | \$ (1,217) | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 1,460 | \$ 869 | \$ (591) | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (0) | \$ (0) | \$ (0) | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 174,523 | \$ 158,303 | \$ (16,220) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 403,509 | \$ 399,121 | \$ (4,388) | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (55,550) | \$ (52,061) | \$ 3,489 | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 301,735 | \$ 188,844 | \$ (112,891) | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ - | \$ - | \$ - | Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 6,917 | \$ 1,014 | \$ (5,903) | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 550 | \$ 4,428 | \$ 3,879 | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 346 | \$ 51 | \$ (295) | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | |
| Total Other Operating Revenues | \$ 919,550 | \$ 766,323 | \$ (153,227) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 578,032 | \$ 557,424 | \$ (20,609) | Customer Margin Revenue, Volumes decreased |
| Miscellaneous | \$ 95,333 | \$ 72,117 | \$ (23,216) | |
| sub-total | \$ 673,365 | \$ 629,540 | \$ (43,824) | |
| LNG Sales (Non-Jurisdictional) | \$ - | \$ - | \$ - | |
| Cost of Sales (Non-Margin Pass Through) | \$ 246,185 | \$ 136,782 | \$ (109,402) | Non-Margin Gas Cost Recovery, volumes and rates decreased |
| Total | \$ 919,550 | \$ 766,323 | \$ (153,227) | |

Chattanooga Gas Company

Other Revenues Variances

| | Apr 2009 | May 2009 | Variance | Comments |
|---|-------------------|-------------------|---------------------|---|
| Revenues-N G Vehicles | \$ - | \$ - | \$ - | - Customer Margin Revenue |
| LNG Sales | \$ - | \$ - | \$ - | - Non-Jurisdictional Revenues |
| Late Payment Fees | \$ 52,101 | \$ 28,249 | \$ (23,853) | Miscellaneous Margin Revenue |
| Returned Check -Marketer | \$ 1,320 | \$ 1,360 | \$ 40 | Miscellaneous Margin Revenue |
| Reconnect Charge - Firm | \$ 6,727 | \$ 7,921 | \$ 1,194 | Miscellaneous Margin Revenue |
| Seasonal Reconnect Change | \$ 50 | \$ (5) | \$ (55) | Miscellaneous Margin Revenue |
| Turn-on Charge- Firm | \$ 5,556 | \$ 7,139 | \$ 1,584 | Miscellaneous Margin Revenue |
| Meter Set Charge- Firm | \$ 869 | \$ 952 | \$ 83 | Miscellaneous Margin Revenue |
| Establish Service- SONP | \$ - | \$ 27 | \$ 27 | Miscellaneous Margin Revenue |
| Meter Set Charge - Interrupt | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Gas Management Fee | \$ (0) | \$ (1) | \$ (0) | Miscellaneous Margin Revenue |
| Reg Servicework-Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Material Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Pay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation FuelLinePay | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Generation Appl. Mat'l | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Labor Additives | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Reg Servicework-Parts Exp | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Transportation Revenue | \$ 158,303 | \$ 140,106 | \$ (18,197) | Customer Margin Revenue, Volumetric differences |
| Revenues-Firm Transportat | \$ 399,121 | \$ 368,872 | \$ (30,249) | Customer Margin Revenue, Volumetric differences |
| Rent from Gas Property | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Other Revenues-Pga Refund | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Gas Rev-Gsr Cost Recov | \$ - | \$ - | \$ - | - Non-Margin Gas Cost Recovery |
| Other Revenues-ACA Surcharges | \$ (52,061) | \$ (45,280) | \$ 6,781 | Non-Margin Gas Cost Recovery |
| IMCR Refunds | \$ 188,844 | \$ 118,392 | \$ (70,452) | Non-Margin Gas Cost Recovery |
| Other Gas Rev-Ss1 | \$ - | \$ - | \$ - | - Customer Margin Revenue, Volumetric differences |
| Miscellaneous Operating Revenu | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Field Service Expenses | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Jobbing Revenue Generation App | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Servicing Revenue | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Misc-Repair Parts | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Mains | \$ 1,014 | \$ - | \$ (1,014) | Miscellaneous Margin Revenue |
| Uncoll Accts-Damage Mains | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Damage Billing - Services | \$ 4,428 | \$ 2,437 | \$ (1,992) | Miscellaneous Margin Revenue |
| Damage Billing - Reroutes | \$ - | \$ - | \$ - | - Miscellaneous Margin Revenue |
| Lost & Unaccounted For Gas | \$ 51 | \$ - | \$ (51) | Miscellaneous Margin Revenue |
| AGSC Allocate Operating Rev | \$ - | \$ - | \$ - | - |
| Total Other Operating Revenues | \$ 766,323 | \$ 630,170 | \$ (136,153) | |
| Base Rate Margins | | | | |
| Customer Margins | \$ 557,424 | \$ 508,978 | \$ (48,446) | Customer Margin Revenue, Volumes decreased |
| Miscellaneous | \$ 72,117 | \$ 48,081 | \$ (24,036) | |
| sub-total | \$ 629,540 | \$ 557,058 | \$ (72,482) | |
| LNG Sales (Non-Jurisdictional) | \$ - | \$ - | \$ - | |
| Cost of Sales (Non-Margin Pass Through) | \$ 136,782 | \$ 73,112 | \$ (63,670) | Non-Margin Gas Cost Recovery, volumes decreased |
| Total | \$ 766,323 | \$ 630,170 | \$ (136,153) | |

Data Request No. 1

Question 8: Staff performed a fluctuation and analytical review on expenses reported on the Company's 3.03 Monthly Reports for the 24 months ended June 30, 2009 and noted the following variances. Provide a detailed explanation with accompanying workpapers to explain the differences below:

| Analytical Review | | | | |
|--------------------------|-------------|-------------|--|---------|
| | | | | |
| Customer Account Expense | July 07 | July 08 | | 173,952 |
| Customer Account Expense | March 08 | March 09 | | 155,989 |
| Administrative & General | December 07 | December 08 | | 128,124 |
| Administrative & General | January 08 | January 09 | | 143,362 |
| Administrative & General | June 08 | June 09 | | 101,408 |

| Fluctuation Review | | | | |
|----------------------------------|-------------|-------------|-----------------|---------|
| Account Description | Between | | Variance Amount | |
| Customer Accounts Expense | June 08 | July 08 | | 117,720 |
| Customer Accounts Expense | February 09 | March 09 | | 139,369 |
| Administrative & General Expense | November 08 | December 08 | | 160,848 |
| Administrative & General Expense | February 09 | March 09 | | 133,525 |
| Shared Services Allocation | November 08 | December 08 | | 338,227 |

Response:

Please see attached schedules that provide details of the variances and fluctuations by company account and explanations of the material variances or fluctuations. The explanations are contained in the footnotes of the schedules.

Chattanooga Gas Company
Customer Account Expense
July 2008 versus July 2007

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 1

| | <u>Jul-08</u> | <u>Jul-07</u> | <u>Variance</u> |
|---------------------------------------|----------------|---------------|--------------------|
| 600092 Pay - Customer Accounts | 116 | - | 116 |
| 650101 Meter Reading- Itron | 1,233 | - | 1,233 |
| 650103 Meter Reading- Itron-Contracto | 44,470 | 44,362 | 108 |
| 650700 Uncollectible Acct | 173,002 | - | 173,002 (1) |
| 650701 Uncollectible Accts - Damages | 2,482 | 3,646 | (1,164) |
| 650900 Misc Customer Acct Exp | 19 | - | 19 |
| Customer Accounts Expenses | 221,322 | 48,008 | |
| 600102 Pay-Customer Service | 638 | - | 638 |
| Customer Service Expenses | 638 | - | |
| Customer Account Expense | 221,960 | 48,008 | 173,952 |

(1) The primary reason for the increase in Customer Account Expense in July 2008 versus July 2007 is the accrual of Uncollectible Account expense in July 2008 of \$173,002 with no accrual in 2007. Amounts accrued for bad debt expense in 2007 and 2008 were based upon a review of the reasonableness of the allowance for bad debts relative to the accounts receivable aging. The bad debt allowance balance and the resulting required accrual for bad debt expense is affected by the timing of charge-offs and recoveries. For months in which the review determines that an increase to the reserve is necessary bad debt expense is charged and the bad debt reserve is increased. During 2007 charges to bad debt expense were made in the months of March and September. During 2008 charges to bad debt expense were made in the months of June, July and August. See Schedule 2 for monthly bad debt expense.

Chattanooga Gas Company
Uncollectible Accounts Expense Excluding Damaged Billing

| | | | | | | | | | | | | |
|---------------------------|--------|--------|---------|--------|--------|--------|---------|--------|---------|--------|--------|------------------------|
| 650700 Uncollectible Acct | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 Total Year 2007 |
| | - | - | 50,000 | - | - | - | - | - | 100,000 | - | - | - |
| 650700 Uncollectible Acct | Jan-08 | Feb-08 | Mar-08 | Apr-08 | May-08 | Jun-08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 Total Year 2008 |
| | - | - | - | - | - | 53,919 | 173,002 | 85,604 | - | - | - | - |
| 650700 Uncollectible Acct | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 | | | | | | |
| | - | - | 164,140 | 37,598 | 37,598 | 37,598 | | | | | | 312,525 |

Chattanooga Gas Company
Customer Account Expense
March 2009 versus March 2008

| | <u>Mar-09</u> | <u>Mar-08</u> | <u>Variances</u> | |
|---------------------------------------|----------------|---------------|------------------|-----|
| 600095 Pay-Meter Reading-Itron | 9,072 | - | 9,072 | |
| 650100 Meter Reading Enscan | 45 | - | 45 | |
| 650103 Meter Reading- Itron-Contracto | 25,780 | 45,933 | (20,153) | |
| 650700 Uncollectible Acct | 164,140 | - | 164,140 | (1) |
| 650701 Uncollectible Accts - Damages | 2,734 | 1,264 | 1,470 | |
| 650900 Misc Customer Acct Exp | 20 | 59 | (39) | |
| Customer Accounts Expenses | 201,791 | 47,257 | | |
| 600102 Pay-Customer Service | 610 | - | 610 | |
| 600103 Pay-Customer Assistance | 845 | - | 845 | |
| Customer Service Expenses | 1,454 | - | | |
| Customer Account Expense | 203,246 | 47,257 | 155,989 | |

(1) The primary reason for the increase in Customer Accounts Expense in March 2009 versus March 2008 is the accrual of Uncollectible Account expense in March 2009 of \$164,140 with no accrual in March 2008. Amounts accrued for bad debt expense in 2008 were based upon a review of the reasonableness of the allowance for bad debts relative to the accounts receivable aging. The bad debt allowance balance and the resulting required accrual for bad debt expense is affected by the timing of charge-offs and recoveries. For months in which the review determines that an increase to the reserve is necessary bad debt expense is charged and the bad debt reserve is increased. During 2008 charges to bad debt expense were made in the months of June, July and August. The March 2009 accrual was based on an analysis of the uncollectibles reserve as described above. For April 2009 through June 2009 the Company recorded an estimated level of bad debt expense based on an expected annual level.

Chattanooga Gas Company
Administrative and General
December 2008 versus December 2007

| | <u>Dec-08</u> | <u>Dec-07</u> | <u>Variance</u> | |
|---|----------------|----------------|-----------------|--|
| 600108 Pay Wholesale System Project | 151 | - | 151 | |
| 600113 Payroll Expense - V-Force | 346 | 72 | 274 | |
| 600120 Pay-A&G Salaries | 31,675 | 40,306 | (8,631) | |
| 600122 Pay-Operational Training | 1,577 | 2,648 | (1,071) | |
| 600123 Pay-Safety Training&Reg Compli | 727 | 547 | 180 | |
| 670050 Utilities | 15,549 | 15,741 | (192) | |
| 670100 Office & Administrative | 1,241 | 1,643 | (402) | |
| 670102 Development & Training-Acctg. | - | 1 | (1) | |
| 670104 Postage | 7,082 | 21,222 | (14,140) | |
| 670130 Bank Service Charges | 6,257 | 6,053 | 204 | |
| 670140 Fleet Fuel Expense | 14,963 | 9,423 | 5,541 | |
| 670147 Lease Fleet Equipment | 7,370 | 6,406 | 964 | |
| 670148 Operate and Maintain Fleet Eq | 2,705 | 7,826 | (5,121) | |
| 670165 Stores -Other | 51 | - | 51 | |
| 670166 Inventory Adjustment Expense | - | 2,573 | (2,573) | |
| 670170 Security | 343 | - | 343 | |
| 670200 Outside Svcs Employed | 1,800 | 4,800 | (3,000) | |
| 670300 General Business Insurance | 18,843 | - | 18,843 | |
| 670400 Injuries and Damages | 2,771 | - | 2,771 | |
| 670401 Workers Compensation Expense | 1,896 | - | 1,896 | |
| 670402 Outside Legal Services | 141,492 | 26,807 | 114,685 | |
| 670403 Miscellaneous Legal Services | 2,308 | 284 | 2,024 | |
| | | | | Total Pension and Other Postretirement |
| 670411 Legal Costs | - | 45 | (45) | Benefits Expense Variance (total of 3s) |
| 670450 Pensions | (43,934) | 46,871 | (90,805) (3) | (94,973) |
| 670459 Pension - Distributed | (33,021) | (13,366) | (19,655) (3) | |
| 670490 Pension Benefits Offset | 34,336 | 27,597 | 6,739 (3) | |
| | | | | Total Group Insurance Expense Variance |
| 670500 Group Insurance | 20,409 | 28,590 | (8,181) (2) | (total of 2s) |
| 670501 Health Benefits Offset | (11,533) | (21,556) | 10,023 (2) | (74,304) |
| 670502 Flex Benefits Deductions | (8,205) | (7,034) | (1,171) (2) | |
| 670503 Other Post Retirement Benefits | 9,598 | 850 | 8,748 (3) | |
| 670505 Flex Vacation Deductions | 2,374 | 3,139 | (766) | |
| 670509 Health - Distributed | (31,808) | 43,167 | (74,975) (2) | |
| 670512 Pensions-Capitalized | (48) | (46) | (2) | |
| 670513 ATP! Capitalized | (1,758) | (5,241) | 3,483 | |
| 670525 Miscellaneous Benefits | 396 | - | 396 | |
| 670526 AIP Bonus Benefits Offset | (116,710) | 11,838 | (128,548) (1) | |
| 670530 Retirement Savings Plus Plan | 5,652 | 5,867 | (216) | |
| 670534 401K - Distributed | 3,778 | 6,291 | (2,512) | |
| 670535 401K Benefits Offset | (5,652) | (5,867) | 216 | |
| 670551 Operate Cell Phone | 2,263 | 2,490 | (227) | Total AIP Variance (total of 1s) |
| 670590 AIP Bonus | 160,743 | (11,838) | 172,581 (1) | 179,792 |
| 670593 AIP Bonus - Distributed | 115,439 | (20,321) | 135,760 (1) | |
| 670700 Regulatory Commission Exp | 7,985 | 7,985 | - | |
| 670800 Association and Club Dues-Comp | 395 | - | 395 | |
| 670805 Association&Club Dues-Employee | 490 | 607 | (117) | |
| 670840 Miscellaneous Expense | (1,508) | (2,602) | 1,094 | |
| 670850 Outside Services -Facilities | 3,480 | 2,670 | 809 | |
| 670855 Travel Expense | 1,100 | 310 | 790 | |
| 670856 Meals and Entertainment | 347 | 346 | 1 | |
| 670900 Facilities Rent/Lease Expenses | 15,626 | 15,335 | 292 | |
| 670911 Equipment Lease | 2,598 | 497 | 2,101 | |
| 670150 Admin&Gen Salaries-Capitalized | (3,164) | (2,757) | (407) | |
| 670160 A&G Expenses-Capitalized | (124) | (168) | 44 | |
| 670510 EmployeeBenefitsCapitlized | (1,459) | (2,812) | 1,354 | |
| 670511 OtherPostRetirementBenefitsCap | (37) | - | (37) | |
| 671021 Fleet Capitalization | (2,430) | (2,281) | (150) | |
| Administrative and General Expenses | 384,764 | 254,959 | | |
| | | | | |
| 600131 Pay-Operate&Maintain Fleet Eq | 697 | 1,182 | (485) | |
| 600132 Pay-Maintain Facilities | (24) | 2,115 | (2,139) | |
| 600133 Pay-Stores Operations | - | 203 | (203) | |
| 675100 Maintenance of Facilities | 1,070 | 18 | 1,052 | |
| 675106 Large Computer Equip Maint | (10) | - | (10) | |
| 675120 Maintenance Hand Tools | 389 | 285 | 104 | |
| 675140 Maintenance of Office Equip | 355 | 355 | - | |
| Administrative and General Expense-Maintenance | 2,477 | 4,158 | (1,681) | |
| Administrative and General | 387,241 | 259,117 | 128,124 | |

Chattanooga Gas Company
Administrative and General
December 2008 versus December 2007

| | <u>Dec-08</u> | <u>Dec-07</u> | <u>Variance</u> |
|--|---------------|---------------|-----------------|
| <p>Administrative and General expense increased by \$128,124 primarily due to the increased expense of the Annual Incentive Plan (AIP) of \$179,792 and higher legal expenses of \$114,685 offset by a decrease in group health insurance of \$74,304 and pension expenses postretirement benefits other than pensions expense (PBOP) of \$94,973. The level of AIP accrual is based on a combination of corporate and individual performance. The main factor driving the higher legal expenses was increased activity at the TRA. Decrease in group insurance costs was due to the true up of estimated costs recorded throughout the year versus actual costs recorded at year end. During the year, the Company recorded estimated group insurance cost per employee and true up the estimated to actual costs at the end of the year. On a calendar year basis group insurance expense decreased by \$96,259 from 2007 to 2008. The net decrease of pension and PBOP is primarily to an adjustment in December 2007 to increase pension expense for the year by \$70,851. The purpose of the adjustment was to increase pension expense for the calendar year to the amount as determined by the actuary.</p> <p>On a calendar year basis pension expense decreased by \$239,298 from 2007 to 2008 and PBOP expense increased by \$181,483 for the same period based on actuarial determinations.</p> | | | |
| <p>(1) Consists of variance in AIP Bonus Benefits Offset, AIP Bonus and AIP Bonus-offset accounts</p> <p>(2) Consists of variance in Group Insurance, Health Benefits Offset and Health Distributed accounts and Flex Benefit deductions.</p> <p>(3) Consists of Pensions, Pensions - Distributed, Other Postretirement Benefits and Pension Benefit Offset accounts</p> | | | |

Chattanooga Gas Company
Administrative and General
January 2009 versus January 2008

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 5

| | <u>Jan-09</u> | <u>Jan-08</u> | <u>Variance</u> |
|---------------------------------------|---------------|---------------|-----------------|
| 600113 Payroll Expense - V-Force | (32) | - | (32) |
| 600120 Pay-A&G Salaries | 34,369 | 34,538 | (169) |
| 600121 Pay-Operate Facilities | 9 | - | 9 |
| 600122 Pay-Operational Training | 5,126 | 3,499 | 1,627 |
| 600123 Pay-Safety Training&Reg Compli | 1,196 | 2,169 | (972) |
| 670050 Utilities | 39,021 | 15,630 | 23,391 |
| 670100 Office & Administrative | 699 | 732 | (33) |
| 670104 Postage | 23,078 | 24,177 | (1,098) |
| 670106 Safety Training & Reg. Complia | 38 | - | 38 |
| 670122 Civic Participation-Commun Dev | 15,000 | - | 15,000 |
| 670130 Bank Service Charges | 7,834 | 5,896 | 1,939 |
| 670140 Fleet Fuel Expense | 6,983 | 9,394 | (2,411) |
| 670147 Lease Fleet Equipment | 7,234 | 9,158 | (1,923) |
| 670148 Operate and Maintain Fleet Eq | 1,804 | 2,658 | (854) |
| 670165 Stores -Other | 109 | - | 109 |
| 670170 Security | 65 | 631 | (566) |
| 670200 Outside Svcs Employed | 1,500 | 1,800 | (300) |
| 670300 General Business Insurance | 49,475 | 10,878 | 38,597 |
| 670400 Injuries and Damages | 2,562 | 2,771 | (209) |
| 670401 Workers Compensation Expense | 1,896 | 1,896 | - |
| 670402 Outside Legal Services | 58,315 | 4,709 | 53,606 |
| 670403 Miscellaneous Legal Services | 815 | - | 815 |
| 670411 Legal Costs | 60 | 15 | 45 |
| 670450 Pensions | (19,851) | (15,708) | (4,143) |
| 670459 Pension - Distributed | - | (26,674) | 26,674 |
| 670490 Pension Benefits Offset | - | 22,914 | (22,914) |
| 670500 Group Insurance | 36,606 | 41,952 | (5,346) |
| 670501 Health Benefits Offset | 1,215 | (34,552) | 35,767 |
| 670502 Flex Benefits Deductions | (10,118) | (7,399) | (2,718) |
| 670503 Other Post Retirement Benefits | 16,755 | (7,206) | 23,962 |
| 670505 Flex Vacation Deductions | (1,635) | (1,682) | 47 |
| 670509 Health - Distributed | - | 31,245 | (31,245) |
| 670512 Pensions-Capitalized | (140) | (29) | (112) |
| 670525 Miscellaneous Benefits | 297 | - | 297 |
| 670530 Retirement Savings Plus Plan | 5,752 | 6,216 | (464) |
| 670534 401K - Distributed | - | 7,621 | (7,621) |
| 670535 401K Benefits Offset | - | (6,216) | 6,216 |
| 670551 Operate Cell Phone | 2,163 | 2,052 | 111 |
| 670594 Other/Sales Bonuses | - | 1,291 | (1,291) |
| 670700 Regulatory Commission Exp | 7,985 | 7,985 | - |
| 670800 Association and Club Dues-Comp | 5,403 | 1,310 | 4,093 |
| 670805 Association&Club Dues-Employee | 355 | 1,161 | (806) |
| 670850 General Dues & Subscriptions | - | 156 | (156) |
| 670840 Miscellaneous Expense | - | (357) | 357 |
| 670850 Outside Services -Facilities | 3,448 | 3,998 | (550) |
| 670855 Travel Expense | 438 | 840 | (402) |
| 670856 Meals and Entertainment | 55 | 856 | (801) |

Chattanooga Gas Company
Administrative and General
January 2009 versus January 2008

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 5

| | <u>Jan-09</u> | <u>Jan-08</u> | <u>Variance</u> |
|---|----------------|----------------|-----------------|
| 670857 Meals & Entertainment 100% Ded | - | 7 | (7) |
| 670900 Facilities Rent/Lease Expenses | 15,994 | 15,941 | 53 |
| 670911 Equipment Lease | 2,598 | 1,873 | 725 |
| 670150 Admin&Gen Salaries-Capitalized | (3,433) | (1,876) | (1,558) |
| 670160 A&G Expenses-Capitalized | (74) | (82) | 9 |
| 670510 EmployeeBenefitsCapitalized | (2,311) | (1,851) | (460) |
| 670511 OtherPostRetirementBenefitsCap | (40) | (22) | (18) |
| 671021 Fleet Capitalization | (1,578) | (2,065) | 487 |
| Administrative and General Expenses | 317,040 | 172,248 | |
| 600131 Pay-Operate&Maintain Fleet Eq | (220) | 1,552 | (1,772) |
| 600132 Pay-Maintain Facilities | 181 | 818 | (638) |
| 600133 Pay-Stores Operations | - | (21) | 21 |
| 675100 Maintenance of Facilities | 78 | 93 | (16) |
| 675106 Large Computer Equip Maint | 114 | - | 114 |
| 675110 Maintenance Power Equipment | 144 | - | 144 |
| 675120 Maintenance Hand Tools | 224 | - | 224 |
| 675140 Maintenance of Office Equip | 494 | - | 494 |
| Administrative and General Expense-Maintenance | 1,014 | 2,444 | |
| Administrative and General | 318,054 | 174,692 | 143,362 |

The primary drivers of the \$143,362 variance in Administrative and General are increased utilities of \$23,391, increased legal expense of \$53,606, increased insurance of \$38,597, increased Post Retirement Benefits of \$23,962, and increased civic participation expenses of \$15,000. Utilities increased due to higher electric bills of \$11,314 and higher telecommunications of \$6,640. These telecommunications charges were paid directly by Chattanooga Gas Company in 2009 but were allocated from AGSC during previous years. On a calendar year basis utility expense decreased from \$367,517 to \$359,223 from 2008 to 2009. Legal expense increased primarily due to increased expense on increased activity at the TRA. Although legal expense increased significantly between January 2008 and January 2009, on a full calendar year basis, legal expense increased slightly by \$44,775. Insurance increased due to workers comp expense charged in January 2009 for the 10/1/08-9/30/09 plan year. In 2008 (plan year 10/1/07-9/30/08), the charges were amortized between March and September. Other Post Retirement Benefits increased due to the increased expense per the actuarial determination.

Civic Participation is not included in the determination of revenue requirements.

Chattanooga Gas Company
Administrative and General
June 2009 versus June 2008

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 6

| | <u>Jun-09</u> | <u>Jun-08</u> | <u>Variance</u> |
|---------------------------------------|---------------|---------------|-----------------|
| 600113 Payroll Expense - V-Force | - | 76 | (76) |
| 600120 Pay-A&G Salaries | 27,799 | 28,865 | (1,066) |
| 600122 Pay-Operational Training | 3,020 | 4,229 | (1,210) |
| 600123 Pay-Safety Training&Reg Compli | 1,154 | 2,046 | (892) |
| 600125 Pay-Laboratory | - | (22) | 22 |
| 670050 Utilities | 26,033 | 29,291 | (3,259) |
| 670080 Tax and License | - | 175 | (175) |
| 670100 Office & Administrative | 881 | 655 | 227 |
| 670102 Development & Training-Acctg. | 1,635 | 485 | 1,150 |
| 670104 Postage | 21,000 | 98 | 20,902 |
| 670106 Safety Training & Reg. Complia | 1,821 | 230 | 1,591 |
| 670108 Jobbing Charges In/Out | - | 24,300 | (24,300) |
| 670120 Civic Participation - Other | - | 1,500 | (1,500) |
| 670127 Uniforms | 8,074 | - | 8,074 |
| 670130 Bank Service Charges | 8,498 | 6,783 | 1,715 |
| 670140 Fleet Fuel Expense | 9,129 | 12,444 | (3,314) |
| 670147 Lease Fleet Equipment | 8,055 | 6,324 | 1,731 |
| 670148 Operate and Maintain Fleet Eq | 9,200 | 3,293 | 5,907 |
| 670165 Stores -Other | 656 | 55 | 601 |
| 670170 Security | 140 | - | 140 |
| 670200 Outside Svcs Employed | 1,828 | 1,650 | 178 |
| 670202 Outside Services Info Tech | 5,804 | - | 5,804 |
| 670300 General Business Insurance | 15,457 | 10,878 | 4,579 |
| 670400 Injuries and Damages | 2,562 | 2,771 | (209) |
| 670401 Workers Compensation Expense | 1,896 | 1,896 | - |
| 670402 Outside Legal Services | 102,991 | 478 | 102,513 |
| 670403 Miscellaneous Legal Services | 2,848 | 3,812 | (964) |
| 670450 Pensions | (19,851) | (15,708) | (4,143) |
| 670459 Pension - Distributed | - | (21,068) | 21,068 |
| 670490 Pension Benefits Offset | - | 22,911 | (22,911) |
| 670500 Group Insurance | 4,560 | 23,505 | (18,945) |
| 670501 Health Benefits Offset | - | (15,831) | 15,831 |
| 670502 Flex Benefits Deductions | (9,015) | (7,674) | (1,341) |
| 670503 Other Post Retirement Benefits | 16,067 | (7,203) | 23,270 |
| 670505 Flex Vacation Deductions | (1,562) | (1,682) | 120 |
| 670509 Health - Distributed | - | 31,246 | (31,246) |
| 670512 Pensions-Capitalized | (124) | (44) | (80) |
| 670513 ATPi Capitalized | (2,570) | (1,834) | (737) |
| 670520 Physicals | - | 70 | (70) |
| 670526 AIP Bonus Benefits Offset | - | (19,218) | 19,218 |
| 670530 Retirement Savings Plus Plan | 5,697 | 5,385 | 312 |
| 670534 401K - Distributed | - | 6,482 | (6,482) |
| 670535 401K Benefits Offset | - | (5,385) | 5,385 |
| 670540 Short-Term Disability | 1,461 | 1,194 | 267 |
| 670551 Operate Cell Phone | 1,759 | 1,521 | 238 |

Chattanooga Gas Company
Administrative and General
June 2009 versus June 2008

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 6

| | <u>Jun-09</u> | <u>Jun-08</u> | <u>Variance</u> |
|---|----------------|----------------|-----------------|
| 670590 AIP Bonus | 20,698 | 19,218 | 1,480 |
| 670593 AIP Bonus - Distributed | - | 20,210 | (20,210) |
| 670594 Other/Sales Bonuses | (7,746) | 1,291 | (9,037) |
| 670700 Regulatory Commission Exp | 7,985 | 7,985 | - |
| 670800 Association and Club Dues-Comp | 17,487 | - | 17,487 |
| 670805 Association&Club Dues-Employee | 974 | 829 | 145 |
| 670840 Miscellaneous Expense | 664 | 138 | 525 |
| 670850 Outside Services -Facilities | 4,034 | 5,368 | (1,333) |
| 670855 Travel Expense | 1,331 | 3,892 | (2,561) |
| 670856 Meals and Entertainment | 159 | 1,272 | (1,113) |
| 670857 Meals & Entertainment 100% Ded | - | 12 | (12) |
| 670900 Facilities Rent/Lease Expenses | 16,415 | 15,626 | 789 |
| 670911 Equipment Lease | 2,609 | 3,136 | (527) |
| 670150 Admin&Gen Salaries-Capitalized | (2,919) | (2,884) | (35) |
| 670160 A&G Expenses-Capitalized | (455) | (142) | (314) |
| 670510 EmployeeBenefitsCaptilized | (2,090) | (1,801) | (289) |
| 670511 OtherPostRetirementBenefitsCap | (16) | (33) | 17 |
| 671021 Fleet Capitalization | (2,544) | (2,139) | (405) |
| Administrative and General Expenses | 313,487 | 210,959 | |
| 600131 Pay-Operate&Maintain Fleet Eq | 568 | 909 | (341) |
| 600132 Pay-Maintain Facilities | - | 340 | (340) |
| 675100 Maintenance of Facilities | 380 | 650 | (270) |
| 675106 Large Computer Equip Maint | 84 | 114 | (30) |
| 675120 Maintenance Hand Tools | 17 | 156 | (139) |
| Administrative and General Expense-Maintenance | 1,048 | 2,168 | |
| Administrative and General | 314,535 | 213,127 | 101,408 |

The primary driver of the \$101,408 variance between June 2008 and June 2009 is legal expense increases in 2009 of 102,513. Increases in legal were attributable to increased activity at the TRA. Although legal expense was a primary driver of the variance between June 2008 and June 2009, on a full calendar year basis, legal expense increased slightly by \$44,775.

Chattanooga Gas Company
Customer Account Expense
July 2008 versus June 2008

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 7

| | <u>Jul-08</u> | <u>Jun-08</u> | <u>Variance</u> |
|---------------------------------------|-----------------------|-----------------------|-----------------|
| 600095 Pay - Customer Accounts | 116 | - | 116 |
| 650100 Meter Reading- Itron | 1,233 | 246 | 987 |
| 650103 Meter Reading- Itron-Contracto | 44,470 | 46,145 | (1,675) |
| 650700 Uncollectible Acct | 173,002 | 53,919 | 119,083 |
| 650701 Uncollectible Accts - Damages | 2,482 | 3,908 | (1,426) |
| 650900 Misc Customer Acct Exp | 19 | 22 | (3) |
| Customer Accounts Expenses | <u>221,322</u> | <u>104,240</u> | |
| 600102 Pay-Customer Service | 638 | - | |
| Customer Service Expenses | <u>638</u> | <u>-</u> | |
| Customer Accounts | <u>221,960</u> | <u>104,240</u> | 117,720 |

The primary difference between the Customer Account Expense in July 2008 versus June 2008 is the Uncollectible Account expense. Amounts accrued for bad debt expense in 2008 were based upon a review of the reasonableness of the allowance for bad debts relative to the accounts receivable aging. The bad debt allowance balance and the resulting required accrual for bad debt expense is affected by the timing of charge-offs and recoveries. For months in which the review determines that an increase to the reserve is necessary bad debt expense is charged and the bad debt reserve is increased. During 2008 charges to bad debt expense were made in the months of June, July and August.

Chattanooga Gas Company
Customer Account Expense
July 2008 versus June 2008

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 8

| | <u>Mar-09</u> | <u>Feb-09</u> | <u>Variance</u> |
|---------------------------------------|-----------------------|----------------------|-----------------|
| 600095 Pay-Meter Reading-Itron | 9,072 | 7,440 | 1,632 |
| 650100 Meter Reading Enscan | 45 | 452 | (407) |
| 650103 Meter Reading- Itron-Contracto | 25,780 | 52,880 | (27,100) |
| 650700 Uncollectible Acct | 164,140 | - | 164,140 |
| 650701 Uncollectible Accts - Damages | 2,734 | 1,172 | 1,562 |
| 650900 Misc Customer Acct Exp | 20 | 46 | (26) |
| Customer Accounts Expenses | <u>201,791</u> | <u>61,990</u> | |
| 600102 Pay-Customer Service | 610 | 885 | (276) |
| 600103 Pay-Customer Assistance | 845 | 1,002 | (158) |
| Customer Service Expenses | <u>1,454</u> | <u>1,888</u> | |
| Customer Accounts | <u>203,246</u> | <u>63,877</u> | 139,368 |

The primary difference between the Customer Account Expense in March 2009 versus February 2009 of \$139,368 is the Uncollectible Account expense variance of \$164,140. Amounts accrued for bad debt expense in March 2009 was based upon a review of the reasonableness of the allowance for bad debts relative to the accounts receivable aging. The bad debt allowance balance and the resulting required accrual for bad debt expense is affected by the timing of charge-offs and reinstatements. For months in which the review determines that an increase to the reserve is necessary bad debt expense is charged and the bad debt reserve is increased. The March 2009 accrual was based on an analysis of the uncollectibles reserve as described above. For April 2009 through June 2009 the Company recorded an estimated level of bad debt expense based on an expected annual.

Chattanooga Gas Company
Administrative and General
December 2008 versus November 2008

| | <u>Dec-08</u> | <u>Nov-08</u> | <u>Variance</u> | |
|--|----------------|----------------|-----------------|---|
| 600108 Pay Wholesale System Project | 151 | - | 151 | |
| 600113 Payroll Expense - V-Force | 346 | - | 346 | |
| 600120 Pay-A&G Salaries | 31,675 | 25,168 | 6,507 | |
| 600122 Pay-Operational Training | 1,577 | (293) | 1,869 | |
| 600123 Pay-Safety Training&Reg Compli | 727 | 919 | (192) | |
| 600125 Pay-Laboratory | - | (22) | 22 | |
| 670050 Utilities | 15,549 | 34,915 | (19,366) | |
| 670100 Office & Administrative | 1,241 | 622 | 619 | |
| 670102 Development & Training-Acctg. | - | 210 | (210) | |
| 670104 Postage | 7,082 | 24,601 | (17,519) | |
| 670120 Civic Participation - Other | - | 500 | (500) | |
| 670130 Bank Service Charges | 6,257 | 7,830 | (1,573) | |
| 670140 Fleet Fuel Expense | 14,963 | 11,077 | 3,886 | |
| 670147 Lease Fleet Equipment | 7,370 | 7,449 | (78) | |
| 670148 Operate and Maintain Fleet Eq | 2,705 | 3,987 | (1,282) | |
| 670159 Scrap Materials | - | (235) | 235 | |
| 670165 Stores -Other | 51 | 54 | (3) | |
| 670170 Security | 343 | 343 | - | |
| 670200 Outside Svcs Employed | 1,800 | 1,500 | 300 | |
| 670300 General Business Insurance | 18,843 | 10,878 | 7,965 | |
| 670400 Injuries and Damages | 2,771 | 2,771 | - | |
| 670401 Workers Compensation Expense | 1,896 | 1,896 | - | |
| 670402 Outside Legal Services | 141,492 | 60,308 | 81,184 | |
| 670403 Miscellaneous Legal Services | 2,308 | 127 | 2,182 | |
| 670450 Pensions | (43,934) | (43,934) | - | |
| 670459 Pension - Distributed | (33,021) | (32,154) | (867) | |
| 670490 Pension Benefits Offset | 34,336 | 34,370 | (34) | |
| 670500 Group Insurance | 20,409 | 20,724 | (315) | |
| 670501 Health Benefits Offset | (11,533) | (12,400) | 867 | |
| 670502 Flex Benefits Deductions | (8,205) | (8,325) | 120 | |
| 670503 Other Post Retirement Benefits | 9,598 | 9,564 | 34 | |
| 670505 Flex Vacation Deductions | 2,374 | (1,682) | 4,056 | |
| 670509 Health - Distributed | (31,808) | 33,285 | (65,094) | |
| 670512 Pensions-Capitalized | (48) | (38) | (10) | |
| 670513 ATPi Capitalized | (1,758) | - | (1,758) | |
| 670520 Physicals | - | 18 | (18) | |
| 670525 Miscellaneous Benefits | 396 | 74 | 322 | |
| 670526 AIP Bonus Benefits Offset | (116,710) | - | (116,710) (1) | |
| 670530 Retirement Savings Plus Plan | 5,652 | 5,689 | (37) | |
| 670534 401K - Distributed | 3,778 | 6,431 | (2,652) | |
| 670535 401K Benefits Offset | (5,652) | (5,689) | 37 | |
| 670551 Operate Cell Phone | 2,263 | 2,266 | (3) | |
| 670590 AIP Bonus | 160,743 | - | 160,743 (1) | |
| 670593 AIP Bonus - Distributed | 115,439 | - | 115,439 (1) | |
| 670700 Regulatory Commission Exp | 7,985 | 7,985 | - | |
| 670800 Association and Club Dues-Comp | 395 | - | 395 | |
| 670805 Association&Club Dues-Employee | 490 | 415 | 75 | |
| 670840 Miscellaneous Expense | (1,508) | 154 | (1,662) | |
| 670841 Fines & Penalties | - | 31 | (31) | |
| 670850 Outside Services -Facilities | 3,480 | 3,955 | (476) | |
| 670855 Travel Expense | 1,100 | 656 | 444 | |
| 670856 Meals and Entertainment | 347 | 56 | 292 | |
| 670857 Meals & Entertainment 100% Ded | - | 36 | (36) | |
| 670900 Facilities Rent/Lease Expenses | 15,626 | 15,531 | 95 | |
| 670911 Equipment Lease | 2,598 | 2,779 | (181) | |
| 670150 Admin&Gen Salaries-Capitalized | (3,164) | (2,514) | (650) | |
| 670160 A&G Expenses-Capitalized | (124) | (83) | (41) | |
| 670510 EmployeeBenefitsCaptilized | (1,459) | (4,497) | 3,039 | |
| 670511 OtherPostRetirementBenefitsCap | (37) | (29) | (8) | |
| 671021 Fleet Capitalization | (2,430) | (2,193) | (238) | |
| Administrative and General Expenses | 384,764 | 225,085 | | |
| | | | | Total AIP Variance (total of 1s) |
| | | | | 159,471 |

Chattanooga Gas Company
Administrative and General
December 2008 versus November 2008

| | <u>Dec-08</u> | <u>Nov-08</u> | <u>Variance</u> |
|---|-----------------------|-----------------------|-----------------|
| 600131 Pay-Operate&Maintain Fleet Eq | 697 | (72) | 769 |
| 600132 Pay-Maintain Facilities | (24) | 72 | (96) |
| 675100 Maintenance of Facilities | 1,070 | 519 | 551 |
| 675106 Large Computer Equip Maint | (10) | 228 | (238) |
| 675120 Maintenance Hand Tools | 389 | 562 | (172) |
| 675140 Maintenance of Office Equip | 355 | - | 355 |
| Administrative and General Expense-Maintenance | <u>2,477</u> | <u>1,308</u> | |
| Administrative and General | <u>387,241</u> | <u>226,393</u> | 160,848 |

The main fluctuation between December 2008 and November 2008 is the accrual of the AGL Resources Annual Incentive Plan ("AIP"). December contains expense of \$159,471 in AIP accruals and November has no AIP accruals. The AIP is based on a combination of corporate and personal performance. AIP is accrued only on the months that end the quarter, therefore none was recorded in November 2008. Increases in legal expense were due to increased activity at the TRA.

(1) Consists of variance in AIP Bonus Benefits Offset, AIP Bonus and AIP Bonus-offset

Chattanooga Gas Company
Administrative and General
March 2009 versus February 2009

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 10

| | <u>Mar-09</u> | <u>Feb-09</u> | <u>Variance</u> |
|---------------------------------------|---------------|---------------|-----------------|
| 600113 Payroll Expense - V-Force | 60 | 104 | (44) |
| 600120 Pay-A&G Salaries | 14,088 | 19,535 | (5,446) |
| 600122 Pay-Operational Training | 6,530 | 4,001 | 2,529 |
| 600123 Pay-Safety Training&Reg Compli | 6,628 | 2,963 | 3,665 |
| 670050 Utilities | 30,285 | 32,899 | (2,614) |
| 670080 Tax and License | - | 2,768 | (2,768) |
| 670100 Office & Administrative | 507 | 1,270 | (763) |
| 670102 Development & Training-Acctg. | 75 | - | 75 |
| 670104 Postage | 22,845 | 23,036 | (191) |
| 670106 Safety Training & Reg. Complia | - | 2,016 | (2,016) |
| 670127 Uniforms | 306 | - | 306 |
| 670130 Bank Service Charges | 6,792 | 7,350 | (558) |
| 670140 Fleet Fuel Expense | 6,355 | 8,738 | (2,383) |
| 670147 Lease Fleet Equipment | 7,249 | 7,249 | (0) |
| 670148 Operate and Maintain Fleet Eq | 4,531 | 13,726 | (9,194) |
| 670159 Scrap Materials | (116) | - | (116) |
| 670165 Stores -Other | 164 | 273 | (109) |
| 670200 Outside Svcs Employed | 1,500 | 1,500 | - |
| 670201 Outside Svc. -Printing | 100 | 325 | (225) |
| 670202 Outside Services Info Tech | 18,274 | - | 18,274 |
| 670300 General Business Insurance | 14,966 | 9,983 | 4,983 |
| 670400 Injuries and Damages | 2,562 | 2,562 | - |
| 670401 Workers Compensation Expense | 1,896 | 1,896 | - |
| 670402 Outside Legal Services | 48,129 | (5,491) | 53,620 |
| 670403 Miscellaneous Legal Services | 2,845 | 1,161 | 1,683 |
| 670450 Pensions | (19,851) | (19,851) | - |
| 670500 Group Insurance | 79,856 | 34,792 | 45,063 |
| 670501 Health Benefits Offset | 1,800 | 1,230 | 570 |
| 670502 Flex Benefits Deductions | (15,079) | (10,153) | (4,926) |
| 670503 Other Post Retirement Benefits | 16,675 | 16,687 | (12) |
| 670505 Flex Vacation Deductions | (2,343) | (1,599) | (744) |
| 670512 Pensions-Capitalized | (488) | (238) | (250) |
| 670513 ATPi Capitalized | (3,416) | - | (3,416) |
| 670515 HSA Employer Contributions | - | 1,000 | (1,000) |
| 670520 Physicals | 113 | 38 | 75 |
| 670525 Miscellaneous Benefits | 45 | - | 45 |
| 670530 Retirement Savings Plus Plan | 8,463 | 10,362 | (1,899) |
| 670551 Operate Cell Phone | 1,304 | 2,072 | (769) |
| 670590 AIP Bonus | 51,911 | - | 51,911 |
| 670700 Regulatory Commission Exp | (349) | 7,985 | (8,334) |
| 670800 Association and Club Dues-Comp | 3,840 | 2,003 | 1,837 |
| 670805 Association&Club Dues-Employee | 643 | 534 | 109 |
| 670840 Miscellaneous Expense | 791 | 264 | 527 |
| 670850 Outside Services -Facilities | 4,562 | 3,470 | 1,093 |
| 670855 Travel Expense | 772 | 1,242 | (470) |
| 670856 Meals and Entertainment | 205 | 521 | (317) |
| 670857 Meals & Entertainment 100% Ded | 87 | 64 | 23 |

| | <u>Mar-09</u> | <u>Feb-09</u> | <u>Variance</u> |
|---|-----------------------|-----------------------|-----------------|
| 670900 Facilities Rent/Lease Expenses | 15,854 | 16,474 | (620) |
| 670911 Equipment Lease | 2,609 | 2,695 | (86) |
| 670150 Admin&Gen Salaries-Capitalized | (1,479) | (1,952) | 472 |
| 670160 A&G Expenses-Capitalized | (61) | (279) | 218 |
| 670510 EmployeeBenefitsCaptilized | (4,469) | (2,446) | (2,024) |
| 670511 OtherPostRetirementBenefitsCap | (8) | (23) | 14 |
| 671021 Fleet Capitalization | (1,778) | (2,929) | 1,151 |
| Administrative and General Expenses | <u>336,775</u> | <u>199,827</u> | |
| | | | |
| 600130 Pay-Maint.of GeneralPlant | (49) | 97 | (146) |
| 600131 Pay-Operate&Maintain Fleet Eq | (1,456) | 3,967 | (5,422) |
| 600132 Pay-Maintain Facilities | 8 | 381 | (373) |
| 675100 Maintenance of Facilities | 491 | 105 | 386 |
| 675106 Large Computer Equip Maint | (1) | 115 | (116) |
| 675110 Maintenance Power Equipment | 34 | - | 34 |
| 675120 Maintenance Hand Tools | 2,466 | 251 | 2,215 |
| Administrative and General Expense-Maintenance | <u>1,495</u> | <u>4,916</u> | |
| | | | |
| | <u>338,269</u> | <u>204,744</u> | 133,526 |

The primary drivers of the fluctuation between March 2009 and February 2009 are the AGL Resources Annual Incentive Plan ("AIP") accrual of \$51,911, increased legal expense of \$53,630 and increased group insurance expense of \$45,063. March contains expense of \$51,911 in AIP accruals and February has no AIP accruals. The AIP bonus is based on a combination of corporate and personal performance. AIP is accrued only on the months that end the quarter, therefore none was recorded in February 2009. Increases in legal expense were attributable to increased activity at the TRA. Group insurance expense increased due to an increase in claims expense in March versus February.

Chattanooga Gas Company
Shared Services Allocation
December 2008 versus November 2008

Chattanooga Gas Company
Docket No. 09-00183
TRA Question 1-8
Attachment 8-1
Schedule 11

| | <u>Dec-08</u> | <u>Nov-08</u> | <u>Variance</u> |
|---------------------------------------|----------------|----------------|-----------------|
| 671003 Allocated Executive - Dis Ops | 3,394 | 542 | |
| 671004 Allocated Ext Relations-Dis Op | 5,247 | 892 | |
| 671005 Allocated Call Center Mgt | 25,962 | 8,671 | |
| 671007 IS&T Projects - AGLC,CGC,VNG | 2,862 | 2,109 | |
| 671008 Allocated Corp Compliance | 9,824 | 3,124 | |
| 671013 AGSC DC Fleet Services | 3,632 | 1,878 | |
| 671018 Allocated Cust Serv Logisitics | 13,695 | 1,738 | |
| 671024 Other Benefits - Stock Awards | 1,903 | 0 | |
| 671103 Allocated Credit Collections | 9,403 | 3,301 | |
| 671104 Allocated Cust Serv Ovhd | 7,962 | 3,051 | |
| 671105 Allocated Emergency Response | 13,382 | 4,224 | |
| 671400 IS&T Base Services - Corp | 26,967 | 15,100 | |
| 671401 IS&T Projects - Corp | 121 | 121 | |
| 671403 Direct Assigned Chargeback | 70,408 | 64,818 | |
| 671412 Allocated Bus Supt Facilities | 32,350 | 27,095 | |
| 671415 Allocated Supply Chain Mgmt | 5,572 | 1,494 | |
| 671416 Allocated Call Center | 57,973 | 34,443 | |
| 671417 Allocated Employee Services | 31,954 | 10,629 | |
| 671418 Allocated Engineering | 28,059 | 10,388 | |
| 671419 Allocated Executive - Corp | 5,038 | 7,758 | |
| 671421 Allocated Ext Relations - Corp | 1,670 | 2,412 | |
| 671422 Allocated Financial Services | 50,354 | 17,098 | |
| 671423 Allocated Gas Supply | 37,056 | 11,330 | |
| 671424 Allocated IS&T Base Serv -Corp | 35,017 | 21,802 | |
| 671425 Allocated Internal Auditing | 6,579 | 2,189 | |
| 671426 Allocated Investor Relations | 1,341 | 501 | |
| 671427 Allocated Legal | 25,660 | 13,790 | |
| 671428 Allocated Marketing | 16,206 | 3,853 | |
| 671429 Allocated Other Corporate | 4,189 | 659 | |
| 671430 Allocated Rates & Regulatory | 18,522 | 3,213 | |
| 671434 Allocated Corp Communications | 10,381 | 5,994 | |
| 671446 Allocated Engineering - SOPS | 4,682 | 1,739 | |
| 671448 Allocated Executive - SOPS | 29,321 | 5,748 | |
| 671450 Allocated Ext Relations-SOPS | 3,437 | 892 | |
| 671451 Allocated Gas Supply - SOPS | 15,151 | 2,172 | |
| 671452 Allocated Marketing - SOPS | 1,187 | 346 | |
| 672520 IS&T Base Services - Dis Ops | 53,224 | 35,757 | |
| 672521 IS&T Projects - Dis Ops | 609 | 1,196 | |
| Shared Services Allocation | 670,294 | 332,067 | 338,227 |

Chattanooga Gas Company
Shared Services Allocation
December 2008 versus November 2008

The primary driver of the shared services allocations variance of \$338,227 is Annual Incentive Plan ("AIP") accrued at the AGL Services Company. The AIP is based on corporate and personal performance. Accruals for the AIP are made quarterly during the last month of the quarter. For 2008, the AGL Services Company accrued AIP of approximately \$9,300,000 in December. During 2008, CGC was allocated approximately 3.15% of AGL Services Company expenses or \$282,800 in increased December expenses.

Chattanooga Gas Company
AIP Allocated to CGC
For the Month of December 2008

| | |
|--------------------------------------|------------|
| Chattanooga Allocations | 670,294 |
| AGL Service Company Allocations | 22,071,364 |
| Percent allocation | 3.04% |
| AIP Accrual for AGL Services Company | 9,312,016 |
| Approximate Amount Allocated to CGC | 282,800 |