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February 9, 2010

VIA HAND DELIVERY

Chairman Sara Kyle
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-00505

Re: Docket No. 09-00183

Dear Chairman Kyle:

Chattanooga Gas Company ("Company") is filing in the above referenced docket one copy of its responses to certain discovery requests propounded by the Consumer Advocate and Protection Division ("CAPD") of the Office of Attorney General. Portions of this filing contain confidential information and are being submitted under seal in good faith reliance on the entry of the TRA's standard protective order filed by the Company.

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

Sincerely,

Jennifer L. Brundige

Jennifer L. Brundige

Enclosures

cc: Gary Hotvedt, Esq.
Pat Murphy
Cynthia Kinser, Esq.
C. Scott Jackson, Esq.
Ryan McGehee, Esq.
T. Jay Warner, Esq.
Henry M. Walker, Esq.
Elizabeth Wade, Esq.
Archie Hickerson

DISCOVERY REQUEST NO. 57:

Provide copies of all ad valorem tax bills paid before March 1, 2009 and copies of all ad valorem tax bills to be paid before March 1, 2010.

Response:

Please refer to the first page of attachment 57-1 for a detail of the ad valorem tax bills for 2007, 2008 and 2009. The remainder of the pages are of the attachment are copies of the ad valorem tax bills. All information except page 1 is being filed under seal pending the issuance of a protective order in this docket.

Chattanooga Gas Company
Docket No. 09-00183
CAPD Question 1-57
Attachment 57-1

Chattanooga Gas Company
Tennessee Ad Valorem Taxes 2007, 2008 and 2009

County	Billing Tax District	Tax Location (Short)	Jurisdiction	2007 Amount Paid	2008 Amount Paid	2008 Amount of Refund		2008 Net Payment for 2008	2009 Actual bill
BRADLEY CO	BRADLEY CO	Bradley County	BRADLEY CO	$ 102,400	$ 96,184	$ 23,796		$ 72,388	$ 56,558
BRADLEY CO	CITY OF CLEVELAND	Cleveland	CITY OF CLEVELAND	55,218	51,101	11,918		39,183	30,544
Bradley Co Total			**Bradley Co Total**	**157,618**	**147,285**	**35,714**		**111,571**	**87,101.41**
Hamilton Co	City of Chattanooga	Chattanooga	City of Chattanooga	566,731.89	550,427.62	137,407		413,021	391,182
Hamilton Co	TOWN OF LOOKOUT MTN	Lookout Mountain	TOWN OF LOOKOUT MTN	6,713.06	5,888.91	1,457	(1)	4,432	2,486
Hamilton Co	Town of Signal Mtn	Signal Mountain	Town of Signal Mtn	20,840.20	18,444.04	4,563	(1)	13,881	8,153
Hamilton Co	Hamilton Co	Chattanooga	CO OSAP City of Chattanooga	811,749.49	788,396.33	195,050		593,346	557,864
Hamilton Co	Hamilton Co	Collegedale	CO OSAP Collegedale	14,376.75	13,088.94	3,238		9,851	5,933
Hamilton Co	Hamilton Co	Collegedale	Collegedale OSAP	5,469.96	5,477.93	1,355		4,123	2,467
Hamilton Co	Hamilton Co	East Ridge	CO OSAP East Ridge	41,387.61	36,509.32	9,032		27,477	16,420
Hamilton Co	Hamilton Co	East Ridge	East Ridge OSAP	14,133.02	14,897.75	3,686		11,212	6,667
Hamilton Co	Hamilton Co	Hamilton Co South	CO OSAP Hamilton Co South	253,430.78	231,648.84	57,310		174,339	106,647
Hamilton Co	Hamilton Co	Lakesite	CO OSAP LAKESITE	8,640.57	7,567.42	1,872		5,695	3,431
Hamilton Co	Hamilton Co	Lakesite	LAKESITE OSAP	794.47	695.80	172		524	298
Hamilton Co	Hamilton Co	Lookout Mountain	CO OSAP LOOKOUT MOUNTAIN	11,762.78	10,318.69	2,553		7,766	4,677
Hamilton Co	Hamilton Co	Red Bank	CO OSAP RED BANK	34,126.63	29,882.23	7,393		22,489	13,666
Hamilton Co	Hamilton Co	Red Bank	RED BANK OSAP	13,633.34	11,937.73	2,953		8,984	5,437
Hamilton Co	Hamilton Co	Ridgeside	CO OSAP Ridgeside	1,597.41	1,448.70	358		1,090	656
Hamilton Co	Hamilton Co	Ridgeside	Ridgeside OSAP	810.35	826.78	205		622	381
Hamilton Co	Hamilton Co	Signal Mountain	CO OSAP Town of Signal Mtn	37,030.99	32,773.25	8,108		24,665	14,897
Hamilton Co	Hamilton Co	Walden	Co OSAP Walden	13,578.06	11,907.14	2,946		8,961	5,398
Hamilton Co	Hamilton Co	Walden	Walden OSAP	2,152.52	1,888	467		1,421	840
Hamilton Co.			**Hamilton Co. Total**	**1,858,960**	**1,774,025**	**440,127**		**1,333,899**	**1,147,502**
Tennessee Total			**Totals**	**$ 2,016,578**	**$ 1,921,310**	**$ 475,841**		**$ 1,445,470**	**$ 1,234,603**

(1) Refund Not Yet Received - Estimated Amount.
(2) Note - Refund is due to settlement of appeal with the State of Tennessee.

DISCOVERY REQUEST NO. 59:

Provide all documentation, work papers, and calculations supporting the $1,129,711 decrease in the forecast of property taxes due to the settlement of an appeal with the State of Tennessee.

Response:

The decrease in the property tax of $1,129,711 is the difference between accrued provision for property tax during the test year in the amount of $2,857,314 and the estimated amount of property tax expense for the attrition period of $1,727,603. The accrued property tax expense for the test year was based on the assessed property values before the settlement of an appeal with the State of Tennessee which significantly decreased the value assigned to CGC's property for property tax assessment. The appeal was effective for the 2008 tax year. The property tax amounts included in the attrition period were based on the reduced assessed values. Attachment 59-1 provides a calculation of the property taxes through the end of the attrition period. This schedule was originally filed with the minimum filing guidelines as TRA FG Item No. 25, CGC Schedule 25-14. There are three components of property taxes. The first component is property taxes on Company owned property in the State of Tennessee and was estimated based on the ratio of property taxes to the balance of utility plant. The ratio was developed by dividing the 2008 property tax liability by the 2007 gross plant balance. Attachment 59-3 provides a breakdown of the estimated taxes for 2008 based on post settlement amounts by property location. Also, see response to discovery request number 1-57 for the actual property taxes paid and refunds related to the assessment. The ratio of tax to property was then applied to estimated gross plant balances at December 2009 and December 2010 to develop an estimate of the property tax expense for those calendar years. A proportion of the estimate for those years was used to develop the estimated property tax for the attrition period of $1,539,964. The second component is property taxes paid on leased property. The estimate is based on the actual amounts incurred during the test of $30,264. The third component is property taxes on out of state stored gas. Attachment 59-2 provides a calculation of property taxes on stored gas through the attrition period. This schedule was originally filed with the minimum filing guidelines as TRA FG Item No. 25, CGC Schedule 25-14a.

Chattanooga Gas Company
Property Taxes and Inspection Fee
Attrition Period (April 2011)
TRA FG Item No. 25.
CGC Schedule 25-14

1

Line	Estimated Property Taxes	
1	December 31, 2007 Gross Plant Balance	179,703,600
2	Property Tax Assessment on owned property - Payments made for 2008	1,445,976
3	Tax as Percent of Gross Plant (Line 2 divided by Line 1)	0.80%
4	Estimated Gross Plant at December 31, 2009 (FG-69-1-a(1))	188,995,682
5	Estimated Property Tax Expense on owned property - For CY 2010 (Line 3 multiplied by line 4)	**1,520,744**
6	Estimated Gross Plant at December 31, 2010 (FG-69-1-a(1))	196,161,319
7	Estimated Property Tax Expense on owned property - For CY 2011 (Line 3 multiplied by line 6)	1,578,402
8	Total Utility Plant Property Taxes (Line 5 multiplied by 8/12 and Line 7 multiplied by 4/12 of arrive at attrition period estimate)	1,539,964
9	Additional Payments on Leased property	**30,264** (1)
10	Additional Property Tax Payments on Underground Storage	**157,375**
11	Total Property Tax Attrition Period (Lines 8 through 10)	1,727,603
		FG 25-1a

2

Estimated TRA Inspection Fee	
Estimated Attrition Period Gas Revenues	87,549,763
Less: Uncollectible Accounts	297,462
Tennessee Intrastate Gross Receipts	87,252,301
Less: Exemption	5,000
Net Tennessee Intrastate Gross Receipts	87,247,301
TRA Inspection Fee Rate:	
.425% x first $1,000,000	4,250
.325% x Amount Over $1,000,000	281,287
Total TRA Inspection Fee	**285,537**
	FG 25-1a

(1) Actual payments to Lessor for property taxes during test year

Chattanooga Gas Company
Stored Gas Property Tax
Test Period (June 2009) and Attrition Period (April 2011)
TRA FG Item No. 25
CGC Schedule 25-14a

Line No.	FSPA-Louisiana Y.E.	FMV	Tax	
1	12/31/2010	6,122,194	110,199	(1)
2	12/31/2011	6,801,106	122,420	(1)
	CSS- MISSISSIPPI Y.E.		Tax	
3	12/31/2010	1,209,344	21,768	(1)
4	12/31/2011	1,316,843	23,703	(1)
	CSS- LOUISIANA Y.E.	FMV	Tax	
5	12/31/2010	1,116,317	20,094	(1)
6	12/31/2011	1,215,547	21,880	(1)

7	Line (1+3+5) Times 8/12	May 1, 2010-December 31, 2010	101,374
8	Line (2+4+6) Times 4/12	January 1, 2011-April 30, 2011	56,001
		Total Property Tax on Stored Gas	**157,375**

(1) Tax equals fair market value multiplied by the estimated assessment factor of .15 multiplied by the estimated tax factor of .12.

Chattanooga Gas Company
Distribution of 2008 Tennessee Ad Valorem Assessment

Tax Year	Billing Tax District	Tax Location (Short)	Jurisdiction	Distribution Amount	Original Localized Assessment Amount	Sept 02 Value State of TN	CGC Settled Value	Assessment Ratio	2008 Millage Rate	2008 Tax Amount @ Settled
2008	BRADLEY CO	Bradley County	BRADLEY CO	23,670,688	4,483,375	2,772,665	3,374,182	5.28	2.145356344	72,388
2008	CITY OF CLEVELAND	Cleveland	CITY OF CLEVELAND	16,416,657	3,097,042	2,374,724	2,330,830	5.30	1.6500	38,459
Bradley Co Total										110,847
2008	City of Chattanooga	Chattanooga	City of Chattanooga	70,869,449	24,996,713	21,650,965	18,812,495	2.84	2.2020	414,251
2008	TOWN OF LOOKOUT MTN	Lookout Mountain	TOWN OF LOOKOUT MTN	1,623,690	327,162	231,258	246,222	4.96	1.8000	4,432
2008	Town of Signal Mtn	Signal Mountain	Town of Signal Mtn	5,157,013	1,039,101	734,493	782,026	4.96	1.7750	13,881
2008	Hamilton Co	Chattanooga	CO OSAP City of Chattanooga	70,869,449	24,996,713	21,650,965	18,812,495	2.84	3.1540	593,346
2008	Hamilton Co	Collegedale	CO OSAP Collegedale	2,059,606	414,995	293,343	312,325	4.96	3.1540	9,851
2008	Hamilton Co	Collegedale	Collegedale OSAP	2,059,606	414,995	293,343	312,325	4.96	1.3200	4,123
2008	Hamilton Co	East Ridge	CO OSAP East Ridge	5,744,904	1,157,556	818,232	871,175	4.96	3.1540	27,477
2008	Hamilton Co	East Ridge	East Ridge OSAP	5,744,904	1,157,556	818,232	871,175	4.96	1.2870	11,212
2008	Hamilton Co	Hamilton Co South	CO OSAP Hamilton Co South	36,003,115	7,344,605	5,225,129	5,527,541	4.90	3.1540	174,339
2008	Hamilton Co	Lakesite	CO OSAP LAKESITE	1,190,772	239,931	169,598	180,572	4.96	3.1540	5,695
2008	Hamilton Co	Lakesite	LAKESITE OSAP	1,190,772	239,931	169,598	180,572	4.96	0.2900	524
2008	Hamilton Co	Lookout Mountain	CO OSAP LOOKOUT MOUNTAIN	1,623,690	327,162	231,258	246,222	4.96	3.1540	7,766
2008	Hamilton Co	Red Bank	CO OSAP RED BANK	4,702,102	947,439	669,702	713,041	4.96	3.1540	22,489
2008	Hamilton Co	Red Bank	RED BANK OSAP	4,702,102	947,439	669,702	713,041	4.96	1.2600	8,984
2008	Hamilton Co	Ridgeside	CO OSAP Ridgeside	227,956	45,932	32,463	34,568	4.96	3.1540	1,090
2008	Hamilton Co	Ridgeside	Ridgeside OSAP	227,956	45,932	32,463	34,568	4.96	1.8000	622
2008	Hamilton Co	Signal Mountain	CO OSAP Town of Signal Mtn	5,157,013	1,039,101	734,493	782,026	4.96	3.1540	24,665
2008	Hamilton Co	Walden	Co OSAP Walden	1,873,642	377,525	266,862	284,125	4.96	3.1540	8,961
2008	Hamilton Co	Walden	Walden OSAP	1,873,642	377,525	266,862	284,125	4.96	0.5000	1,421
Hamilton Co.										1,335,129
	Total									1,445,976

DISCOVERY REQUEST NO. 102:

Please provide all supporting workpapers and source documents to Exhibits DPY-4, DPY-6, DPY-7, DPY-8, DPY-11, DPY-12 and DPY-13 in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

Please see attachment CAPD 102-1 for source documents related to Exhibit DPY-4. Please see attachments CAPD 102-2 for the CGC ACOSS workpapers in pdf format and CAPD 102-3 for DPY-13 in electronic format. Exhibit DPY-4 and DPY-13 are not available in electronic spreadsheet format. The remaining exhibits referred to above were provided in excel format in the Company's response to CAPD-2.

Chattanooga Gas Company
Docket Number 09-00183
CAPD
Question 114
2/9/2010

DISCOVERY REQUEST NO. 114:

Refer to page 31 of Mr. Yardley's Direct Testimony. Please refer to lines 9-10, page 29 of Mr. Yardley's Direct Testimony. Please provide the referenced analyses of customers, rates and usage trends under each of the Company's rate schedules. Provide all supporting workpapers and source documents in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

Mr. Yardley conducted the referenced analysis based on two sources of information. The first was the final billing determinants, rates and revenues adopted by the Tennessee Regulatory Authority in the last base rate case, which is provided as Attachment CAPD 114-1. Mr. Yardley compared these data to corresponding projections of billing determinants and revenues provided in the current proceeding. The second source of information entailed discussions with CGC planning and forecasting and marketing personnel. The implications of these analyses and associated recommendations are described in Mr. Yardley's prepared direct testimony.

Chattanooga Gas Company
2006 Base Revenue and Total Revenue at Present and Proposed Rates
Schedule-2

Customer Classes	Post Test Year Billing Units Winter Nov-April	Summer May-Oct	Total	Present Winter Rates Nov - April Rate	Revenue	Present Summer Rates May - Oct Rate	Revenue	Present Total Revenue	Proposed Winter Rates Nov - April Rate	Revenue	Proposed Summer Rates May - Oct Rate	Revenue	Proposed Total Revenue	Increase	Percent Increase
Residential (R-1)															
Number of Bills	321,541	311,888	633,429	$ 7.50	$ 2,411,560	$ 7.50	$ 2,339,160	$ 4,750,720	$ 12.00	$ 3,858,490	$ 10.00	$ 3,118,880	$ 6,977,370	$ 2,226,650	
Distribution Charges															
0 - 25 therms	7,632,580	3,899,520	11,532,100	$ 0.29385	$ 2,242,840	$ 0.21279	$ 829,780	$ 3,072,620	$ 0.25444	$ 1,942,030	$ 0.18425	$ 718,490	$ 2,660,520	$ (412,100)	
26-50 therms	6,232,670	759,110	6,991,780	$ 0.20265	$ 1,263,050	$ 0.15199	$ 115,380	$ 1,378,430	$ 0.17547	$ 1,093,650	$ 0.13160	$ 99,900	$ 1,193,550	$ (184,880)	
Over 50 Therms	17,349,850	602,070	17,951,920	$ 0.17732	$ 3,076,470	$ 0.04560	$ 27,450	$ 3,103,865	$ 0.15354	$ 2,663,900	$ 0.03948	$ 23,770	$ 2,687,670	$ (416,215)	
Revenue Adjustment															
Total Residential Margin	31,215,100	5,260,700	36,475,800		$ 8,993,920		$ 3,311,770	$ 12,305,655		$ 9,558,070		$ 3,961,040	$ 13,519,110	$ 1,213,455	9.9%
PGA					$ 31,182,500		$ 5,384,800	$ 36,567,300		$ 31,182,500		$ 5,384,800	$ 36,567,300	$	
Total Revenues					$ 40,176,420		$ 8,696,570	$ 48,872,955		$ 40,740,570		$ 9,345,840	$ 50,086,410	$ 1,213,455	2.48%
Residential (R-4)															
Number of Bills	1,110	1,110	2,220	$ 6.00	$ 6,660	$ 6.00	$ 6,660	$ 13,320	$ 6.00	$ 6,660	$ 6.00	$ 6,660	$ 13,320	$ -	
Distribution Charges	61,243	20,570	81,813	$ 0.18311	$ 11,214	$ 0.16277	$ 3,348	$ 14,562	$ 0.21768	$ 13,331	$ 0.19350	$ 3,980	$ 17,311	$ 2,749	
Revenue Adjustment															
Total Residential (R-4) Margin	61,243	20,570	81,813		$ 17,874		$ 10,008	$ 27,882		$ 19,991		$ 10,640	$ 30,631	$ 2,749	9.9%
PGA					$ 61,800		$ 21,000	$ 82,800		$ 61,800		$ 21,000	$ 82,800	$ -	
Total Revenues					$ 79,674		$ 31,008	$ 110,682		$ 81,791		$ 31,640	$ 113,431	$ 2,749	2.48%
Commercial (C-1)															
Number of Bills	40,014	37,922	77,935	$ 20.00	$ 800,270	$ 15.00	$ 568,830	$ 1,369,100	$ 29.00	$ 1,160,390	$ 25.00	$ 948,040	$ 2,108,430	$ 739,330	
Distribution Charges															
0 - 3000 therms	4,703,400	525,100	5,228,500	$ 0.27667	$ 1,301,290	$ 0.21722	$ 114,060	$ 1,415,350	$ 0.18581	$ 873,940	$ 0.14589	$ 76,610	$ 950,550	$ (464,800)	
3,001 - 5,000 therms				$ 0.25253		$ 0.17244									
5,001 - 15,000 therms				$ 0.24599		$ 0.16077									
over 15,000 therms				$ 0.12727		$ 0.12727									
Revenue Adjustment															
Total Commercial (C-1) Margin	4,703,400	525,100	5,228,500		$ 2,101,560		$ 682,890	$ 2,784,450		$ 2,034,330		$ 1,024,650	$ 3,058,980	$ 274,530	9.9%
PGA					$ 4,628,750		$ 536,310	$ 5,165,060		$ 4,628,750		$ 536,310	$ 5,165,060	$ -	
Total Revenues					$ 6,730,310		$ 1,219,200	$ 7,949,510		$ 6,663,080		$ 1,560,960	$ 8,224,040	$ 274,530	3.45%
Commercial (C-2)															
Number of Bills	10,688	10,696	21,384	$ 20.00	$ 213,760	$ 15.00	$ 160,440	$ 374,200	$ 75.00	$ 801,600	$ 75.00	$ 801,600	$ 1,603,200	$ 1,229,000	
Demand in Dths			30,925						$ 5.50	$ 1,020,525	$ 5.50	$ 1,020,526	$ 2,041,050	$ 2,041,050	
Distribution Charges															
0 - 3000 therms	14,829,095	6,334,700	20,963,795	$ 0.27667	$ 4,047,430	$ 0.21722	$ 1,376,020	$ 5,423,450	$ 0.18744	$ 2,742,080	$ 0.14717	$ 932,280	$ 3,674,360	$ (1,749,090)	
3,001 - 5,000 therms	2,085,909	830,896	2,916,805	$ 0.25253	$ 526,750	$ 0.17244	$ 143,280	$ 670,030	$ 0.17109	$ 356,880	$ 0.11683	$ 97,070	$ 453,950	$ (216,080)	
5,001 - 15,000 therms	3,426,595	1,276,920	4,703,515	$ 0.24599	$ 842,910	$ 0.16077	$ 205,290	$ 1,048,200	$ 0.16666	$ 571,060	$ 0.10892	$ 139,080	$ 710,160	$ (338,040)	
over 15,000 therms	2,936,801	920,784	3,857,585	$ 0.12727	$ 373,773	$ 0.12727	$ 117,190	$ 490,963	$ 0.08623	$ 253,240	$ 0.08623	$ 79,400	$ 332,640	$ (158,323)	
Revenue Adjustment													$ -	$ -	
Total Commercial (C-2) Margin	23,078,400	9,363,300	32,441,700		$ 6,004,623		$ 2,002,220	$ 8,006,843		$ 5,745,405		$ 3,069,955	$ 8,815,360	$ 808,517	
PGA					$ 23,166,040		$ 9,595,460	$ 32,761,500		$ 23,166,040		$ 9,595,460	$ 32,761,500	$ -	
Total Revenues					$ 29,170,663		$ 11,597,680	$ 40,768,343		$ 28,911,445		$ 12,665,415	$ 41,576,860	$ 808,517	1.98%

Chattanooga Gas Company
2006 Base Revenue and Total Revenue at Present and Proposed Rates
Schedule-2

Customer Classes	Post Test Year Billing Units Winter Nov-April	Post Test Year Billing Units Summer May-Oct	Post Test Year Billing Units Total	Present Winter Rates Nov - April Rate	Present Winter Rates Nov - April Revenue	Present Summer Rates May - Oct Rate	Present Summer Rates May - Oct Revenue	Present Total Revenue	Proposed Winter Rates Nov - April Rate	Proposed Winter Rates Nov - April Revenue	Proposed Summer Rates May - Oct Rate	Proposed Summer Rates May - Oct Revenue	Proposed Total Revenue	Increase	Percent Increase
Commercial Transportation (T-3)															
Number of Bills	12	12	24	$ 20.00	$ 240	$ 15.00	$ 180	$ 420	$ 75.00	$ 900	$ 75.00	$ 900	$ 1,800	$ 1,380	
Demand in Dths			242						$ 5.50	$ 7,986	$ 5.50	$ 7,986	$ 15,972	$ 15,972	
Distribution Charges															
0 - 3000 therms	36,000	36,000	72,000	$ 0.27667	$ 9,960	$ 0.21722	$ 7,820	$ 17,780	$ 0.18744	$ 6,750	$ 0.14717	$ 5,300	$ 12,050	$ (5,730)	
3,001 - 5,000 therms	24,000	24,000	48,000	$ 0.25253	$ 6,080	$ 0.17244	$ 4,140	$ 10,200	$ 0.17109	$ 4,110	$ 0.11683	$ 2,800	$ 6,910	$ (3,290)	
5,001 - 15,000 therms	113,005	115,200	228,205	$ 0.24599	$ 27,800	$ 0.16077	$ 18,520	$ 46,320	$ 0.16666	$ 18,830	$ 0.10882	$ 12,550	$ 31,380	$ (14,940)	
over 15,000 therms	66,065	26,900	92,965	$ 0.12727	$ 8,410	$ 0.12727	$ 3,420	$ 11,830	$ 0.08823	$ 5,700	$ 0.08823	$ 2,320	$ 8,020	$ (3,810)	
Revenue Adjustment													$ -	$ -	
Total Commercial Transportation (T-3) Margin	239,070	202,100	441,170		$ 52,470		$ 34,080	$ 86,550		$ 44,276		$ 31,858	$ 76 132	$ (10,418)	8.16%
MARGIN C-2 & T-3 CLASS															
TOTAL C-2								$ 8,006,843					$ 8,815,360	$ 808,517	
TOTAL T-3								86,550					76,132	(10,418)	
TOTAL MEDIMU C&I GENERAL								$ 8,093,393					$ 8,891,492	$ 798,099	9.9%
Interruptible Sales (L-1)															
Number of Bills	6	6	12	$ 300.00	$ 1,800	$ 300.00	$ 1,800	$ 3,600	$ 300.00	$ 1,800	$ 300.00	$ 1,800	$ 3,600	$ -	
Demand in Dths			446												
Distribution Charges															
0 - 15,000 therms	90,000	90,000	180,000	$ 0.08945	$ 8,050	$ 0.08945	$ 8,050	$ 16,100	$ 0.09135	$ 8,220	$ 0.09135	$ 8,220	$ 16,440	$ 340	
15,001 - 40,000 therms	132,418	142,900	275,318	$ 0.07644	$ 10,123	$ 0.07644	$ 10,920	$ 21,043	$ 0.07806	$ 10,340	$ 0.07806	$ 11,150	$ 21,490	$ 447	
40,001 - 150,000 therms	20,466	48,200	68,666	$ 0.04335	$ 890	$ 0.04335	$ 2,090	$ 2,980	$ 0.04427	$ 910	$ 0.04427	$ 2,130	$ 3,040	$ 60	
over 150,000 therms				$ 0.02664	$ -	$ 0.02664	$ -	$ -	$ 0.02720	$ -	$ 0.02720	$ -	$ -	$ -	
Revenue Adjustment															
Total Interruptible Sales (L-1) Margin	242,884	281,100	523,984		$ 20,863		$ 22,860	$ 43,723		$ 21,270		$ 23,300	$ 44,570	$ 847	
PGA					$ 191,011		$ 218,276	$ 409,287		$ 191,011		$ 218,276	$ 409,287	$ -	
Total Revenues to Customer					$ 211,874		$ 241,136	$ 453,010		$ 212,281		$ 241,576	$ 453,657	$ 847	0.19%
Industrial Transport with Full Standby (I-1/T-2)															
Number of Bills	138	138	276	$ 300.00	$ 41,400	$ 300.00	$ 41,400	$ 82,800	$ 300.00	$ 41,400	$ 300.00	$ 41,400	$ 82,800	$ -	
Demand in Dths			8,788	$ 3.00	$ 158,180	$ 3.00	$ 158,180	$ 316,360	$ 5.50	$ 290,004	$ 5.50	$ 290,004	$ 580,008	$ 263,648	
Distribution Charges															
0 - 15,000 therms	2,062,932	1,951,700	4,014,632	$ 0.08945	$ 184,530	$ 0.08945	$ 174,580	$ 359,110	$ 0.09135	$ 188,450	$ 0.09135	$ 178,290	$ 366,740	$ 7,630	
15,001 - 40,000 therms	2,695,639	1,981,100	4,676,739	$ 0.07644	$ 206,053	$ 0.07644	$ 151,440	$ 357,493	$ 0.07806	$ 210,420	$ 0.07806	$ 154,640	$ 365,060	$ 7,567	
40,001 - 150,000 therms	2,707,669	2,062,800	4,770,469	$ 0.04335	$ 117,380	$ 0.04335	$ 89,420	$ 206,800	$ 0.04427	$ 119,870	$ 0.04427	$ 91,320	$ 211,190	$ 4,390	
over 150,000 therms	2,505,127	2,924,500	5,429,627	$ 0.02664	$ 66,740	$ 0.02664	$ 77,910	$ 144,650	$ 0.02720	$ 68,140	$ 0.02720	$ 79,550	$ 147,690	$ 3,040	
Revenue Adjustment															
Total Industrial Transport with Full Standby (I-1/T-2) Margin	9,971,387	8,920,100	18,891,487		$ 774,283		$ 692,930	$ 1,467,213		$ 918,284		$ 835,204	$ 1,753,488	$ 286,275	
PGA					$ 3,291,535		$ 6,116,727	$ 9,408,261		$ 3,291,535		$ 6,116,727	$ 9,408,261	$ -	
Total Revenues					$ 4,065,818		$ 6,809,657	$ 10,875,474		$ 4,209,819		$ 8,951,931	$ 11,161,749	$ 286,275	2.63%

Chattanooga Gas Company
2006 Base Revenue and Total Revenue at Present and Proposed Rates
Schedule-2

Customer Classes

Customer Classes	Post Test Year Billing Units Winter Nov-April	Summer May-Oct	Total	Present Winter Rates Nov - April Rate	Revenue	Present Summer Rates May - Oct Rate	Revenue	Present Total Revenue	Proposed Winter Rates Nov - April Rate	Revenue	Proposed Summer Rates May - Oct Rate	Revenue	Proposed Total Revenue	Increase	Percent Increase
Industrial Transport with Partial Standby (I-1/T-2+T-1)															
Number of Bills	90	90	180	300.00	27,000	300.00	27,000	54,000	300.00	27,000	300.00	27,000	54,000	-	
Demand in Dths															
Firm Demand (T-2)			3,966	3.00	71,390	3.00	71,390	142,780	5.50	130,880	5.50	130,880	261,760	118,980	
Distribution Charges															
0 - 15,000 therms	1,350,000	1,350,000	2,700,000	0.08945	120,780	0.08945	120,760	241,520	0.09135	123,320	0.09135	123,320	246,640	5,120	
15,001 - 40,000 therms	2,132,732	1,908,400	4,041,132	0.07644	163,030	0.07644	145,880	308,910	0.07806	166,480	0.07806	148,970	315,450	6,540	
40,001 - 150,000 therms	4,053,573	3,107,200	7,160,773	0.04335	175,706	0.04335	134,700	310,406	0.04427	179,450	0.04427	137,560	317,010	6,604	
over 150,000 therms	1,215,429	928,000	2,143,429	0.02664	32,380	0.02664	24,720	57,100	0.02720	33,060	0.02720	25,240	58,300	1,200	
Revenue Adjustment															
sub-Total Industrial Transport with Partial Standby (I-1/T-2+T-1) Margin	8,751,734	7,293,600	16,045,334		590,266		524,450	1,114,716		660,190		592,970	1,253,160	138,444	
Special Contracts	2,933,203	3,152,100	6,085,303		32,678		33,536	66,214		32,678		33,536	66,214	(0)	
Total Industrial Transport with Partial Standby (I-1/T-2+T-1) Margin	11,684,937	10,445,700	22,130,637		622,944		557,986	1,180,930		692,868		626,506	1,319,374	138,444	10.49%
PGA					313,565		201,940	515,505		313,565		201,940	515,505	-	
Total Revenues					936,509		759,926	1,696,436		1,006,433		828,446	1,834,879	138,444	8.16%
Interruptible Industrial Transportation (T-1)															
Number of Bills	150	150	300	300.00	45,000	300.00	45,000	90,000	300.00	45,000	300.00	45,000	90,000	-	
Demand in Dths			25,721		-		-	-		-		-	-	-	
Distribution Charges															
0 - 15,000 therms	1,828,077	1,892,300	3,720,377	0.08945	163,520	0.08945	169,270	332,790	0.09135	166,990	0.09135	172,860	339,850	7,060	
15,001 - 40,000 therms	2,603,699	2,669,600	5,273,299	0.07644	199,030	0.07644	204,060	403,090	0.07806	203,240	0.07806	208,390	411,630	8,540	
40,001 - 150,000 therms	4,674,098	4,000,600	8,674,698	0.04335	202,619	0.04335	173,430	376,049	0.04427	206,920	0.04427	177,110	384,030	7,981	
over 150,000 therms	5,163,026	4,846,800	10,009,826	0.02664	137,540	0.02664	129,120	266,660	0.02720	140,430	0.02720	131,830	272,260	5,600	
Revenue Adjustment															
sub-Total Interruptible Industrial Transportation (T-1) Margin	14,266,900	13,409,300	27,678,200		747,709		720,880	1,468,589		762,580		735,190	1,497,770	29,181	8.16%
Special Service (SS-1)															
Number of Bills	30	30	60	300.00	9,000	300.00	9,000	18,000	300.00	9,000	300.00	9,000	18,000	-	
Distribution Charges															
0 - 15,000 therms	396,867	392,500	789,367	0.08945	35,500	0.08945	35,110	70,610	0.09135	36,250	0.09135	35,850	72,100	1,490	
15,001 - 40,000 therms	650,000	650,000	1,300,000	0.07644	49,690	0.07644	49,690	99,380	0.07806	50,740	0.07806	50,740	101,480	2,100	
40,001 - 150,000 therms	2,474,984	2,619,800	5,094,784	0.04335	107,290	0.04335	113,570	220,860	0.04427	109,570	0.04427	115,980	225,550	4,690	
over 150,000 therms	2,829,874	4,331,800	7,161,674	0.02664	75,390	0.02664	115,400	190,790	0.02720	76,970	0.02720	117,820	194,790	4,000	
Revenue Adjustment															
sub-Total Special Service (SS-1) Margin	6,351,725	7,994,100	14,345,825		276,870		322,770	599,640		282,530		329,390	611,920	12,280	
Special Contracts (SS-1)	6,351,725	7,994,100	14,345,825		75,801		139,592	215,394		75,801		139,592	215,394	-	
Margin Sharing from IMCR					172,862		156,760	329,622		177,956		162,718	340,674	11,052	
Company Retained Base Rate Revenue					257,663		305,352	563,015		262,757		311,310	574,067	11,052	8.16%

	Present Total Revenue	Proposed Total Revenue	Increase	Percent Increase
INDUSTRIAL MARGIN				
Interruptible Sales (L-1)	43,723	44,570	847	
Industrial Transport with Full Standby (I-1/T-2)	1,467,213	1,753,488	286,275	
Industrial Transport with Partial Standby (I-1/T-2+T-1)	1,180,930	1,319,374	138,444	
Interruptible Industrial Transportation (T-1)	1,468,589	1,497,770	29,181	
Special Service (SS-1)	563,015	574,067	11,052	
TOTAL INDUSTRIAL CLASS	4,723,471	5,189,269	465,799	9.9%
TOTAL MARGIN	27,934,851	30,689,482	2,754,632	9.9%

DISCOVERY REQUEST NO. 115:

Please refer to lines 22-23, page 29 of Mr. Yardley's Direct Testimony. Please provide all customer usage projections used in testing the decoupling mechanism. Provide all supporting workpapers and source documents in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

Please see page 33 of Mr. Yardley's Prepared Direct Testimony and Exhibit DPY-12. An electronic copy of Exhibit DPY-12 including source data accompanies the response to CAPD Request No. 2.

DISCOVERY REQUEST NO. 116:

Please provide all analyses used to test the performance of the decoupling mechanism. Provide all supporting workpapers and source documents in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

Please see page 33 of Mr. Yardley's Prepared Direct Testimony and Exhibit DPY-12. An electronic copy of Exhibit DPY-12 including source data accompanies the response to CAPD Request No. 2.

DISCOVERY REQUEST NO. 120:

Please provide copies of all monthly, annual, and/or other periodic filings regarding the AUA, its calculation and/or collection, that the Company proposes to file with the TRA. If the Company has yet to finalize its planned reports, please describe the information that will be presented to the TRA in the reports and the intervals at which they will be filed.

Response:

The proposed tariff indicates that CGC will make an annual AUA filing on or before June 1st of each year. The annual filing will provide a calculation of the AUA adjustment based on a comparison of the actual average revenue per customer by month to the benchmark set forth in the tariff for the twelve-month period ending the previous April. The format of this calculation will be similar to the example calculations provided in Exhibit DPY-12. Further, the filing will include a calculation of the reconciliation adjustment based on any differences between projected and actual AUA credits or charges for the period any prior AUA credit or charge was in effect. In addition, the Company will provide any additional monitoring or reporting information as specified by the Tennessee Regulatory Authority in this docket.

DISCOVERY REQUEST NO. 122:

Please refer to lines 13-15, page 14 of Mr. Yardley's Direct Testimony. For each potential benefit, quantify the likelihood that gas bills will be lower.

Response:

The referenced portion of Mr. Yardley's testimony simply refers to the impacts to customers of increased energy efficiency. By virtue of the fact that a substantial proportion of customer bills is comprised of wholesale natural gas supply costs, reductions in natural gas use lead to bill savings. The proposed AUA Tariff ensures that customers pay on average the level of base rate charges that are approved by the Tennessee Regulatory Authority in this proceeding. Mr. Yardley views a regulatory structure that promotes bill savings to customers in this manner while aligning customer and utility interests as a beneficial outcome.

DISCOVERY REQUEST NO. 124:

For purposes of this request, please refer to page 4, lines 17 through 18 of Mr. Lindsey's Direct Testimony. Please provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

Please see the response to discovery request no. 126.

DISCOVERY REQUEST NO. 125:

Please provide the data and calculations, in electronic spreadsheet format, that calculate the $0.5 million reduction in base revenues from those projected in Docket No. 06-00175 ($31.9 million). Provide the requested workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

Please see the response to discovery request no. 126.

DISCOVERY REQUEST NO. 126:

Please provide the data and calculations, in electronic spreadsheet format, that calculate the $1.4 million reduction in base revenues from those projected in Docket No. 06-00175 ($31.9 million). Please separately identify those revenue losses associated with changes in usage per customer (UPC) and those associated with changes in the number of customers. Provide workpapers supporting this response in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

Please see attachment 126-1.

Chattanooga Gas Company

Reconcilliation Attrition Year (May 2010 to Apr 2011) to 2006 Rate Case Settlement Forecast

	HDD's	Billing Units	Therms		Margins in $MM
Historic Year July 2008 to June 2009 Margins	**3,286**	**61,319**	**151,213,582**	**$**	**31.9**
Weather Pattern (from 3,286 to 3,173 113 HDDs lower)	-113		-1,939,299	$	(0.5)
Use per Customer					
Residential			-605,420	$	0.0
Commercial			-3,320,843	$	(0.5)
Industrial			-1,310,813	$	(0.4)
sub-Total Use per Customer			-5,237,077	$	(0.9)
Net Growth					
Residential		154	101,400	$	0.0
Commercial		-205	-839,217	$	(0.3)
Industrial		-2	-1,463,487	$	(0.2)
sub-Total Net Growth		-51	-2,201,303	$	(0.4)
Other Revenues				$	(0.1)
Forecast Test Year May 2010 to Apr 2011 Margins	**3,173**	**61,267**	**141,835,903**	**$**	**30.0**
Revenue Deficiency					
Change in Weather Pattern				$	(0.5)
Net Customer Growth				$	(0.4)
Use per Customer				$	(0.9)
Other Revenues				$	(0.1)
Total Revenue Reduction				$	(1.9)

Chattanooga Gas Company

Forecast Comaprison Summary

2009 Rate Case Attrition Year (May 2010 to Apr 2011) to 2006 Rate Case Settlement Attrition Year (Jan 2007 to Dec 2007)

	Average Billing Units			Consumption in Therms		
Firm Sales	2009 Case	2006 Case	Variance	2009 Case	2006 Case	Variance
R-1 Residential	52,940	52,786	154	34,872,200	36,475,800	-1,603,600
R-4 Residential	185	185	0	82,204	81,813	391
C-1 Commercial & Industrial	6,470	6,495	-25	7,973,685	5,228,500	2,745,185
C-2 Large Commercial & Industrial	1,574	1,782	-208	21,530,815	32,441,700	-10,910,885
Special Contracts				3,650	3,720	-70
sub-Total Firm Sales	61,169	61,247	-79	64,462,654	74,231,533	-9,768,879
Interruptible Sales						
I-1 Interruptible Service	1	1	0	496,169	523,984	-27,815
sub-Total Interruptible Sales	1	1	0	496,169	523,984	-27,815
sub-Total Sales Service	61,170	61,248	-79	64,958,723	74,755,517	-9,796,794
Transportation						
F1/T2	27	23	4	19,276,200	11,865,953	7,410,247
F1/T2/T1	12	15	-3	13,416,600	16,041,614	-2,625,014
T-1 Interruptible Transportation Service	26	30	-4	32,505,980	42,024,025	-9,518,045
T-3 Low Volume Transportation Service	30	2	28	3,606,700	441,170	3,165,530
SS-1 Special Service						
Special Contracts	2	1	1	8,071,700	6,085,303	1,986,397
sub-Total Transportation	97	71	26	76,877,180	76,458,065	419,115
Total Sales and Transportation	*61,267*	*61,319*	*-53*	*141,835,903*	*151,213,582*	*-9,377,679*
Miscellaneous Revenues						
Reconnect Charges						
Service Establishment						
Returned Check						
Late Payment						
Service Work						
Damage Billing						
Miscellaneous						
sub-Total Miscellaneous						
AFUDC						
Total Margins						
Summary						
Residential	53,125	52,971	154	34,954,404	36,557,613	-1,603,209
Commercial	8,074	8,279	-205	33,111,200	38,111,370	-5,000,170
Industrial	68	70	-2	73,770,299	76,544,599	-2,774,300
Miscellaneous						
	61,267	*61,319*	*-53*	*141,835,903*	*151,213,582*	*-9,377,679*

Chattanooga Gas C

Forecast Comaprison Summary

2009 Rate Case Attrition Year (May 2010 t

	Base Rate Margin Revenue			Consumption Variance in Therms	Use per Customer		
Firm Sales	**2009 Case**	**2006 Case**	**Variance**	**Growth**	**Weather Pattern**	**Consumption Pattern**	**Use per Customer Total**
R-1 Residential	$ 13,273,330	$ 13,519,174	$ (245,844)	101,400	-1,099,189	-605,811	-1,705,000
R-4 Residential	30,744	30,631	113	0		391	391
C-1 Commercial & Industrial	3,519,676	3,058,980	460,696	-30,364	-239,338	3,014,887	2,775,549
C-2 Large Commercial & Industrial	6,765,524	8,815,360	(2,049,836)	-2,845,241	-600,772	-7,464,872	-8,065,644
Special Contracts	0	3,360	(3,360)	0		-70	-70
sub-Total Firm Sales	$ 23,589,274	$ 25,427,505	$ (1,838,231)	-2,774,205	-1,939,299	-5,055,475	-6,994,774
Interruptible Sales							
I-1 Interruptible Service	$ 37,991	$ 39,770	$ (1,779)	0		-27,815	-27,815
sub-Total Interruptible Sales	$ 37,991	$ 39,770	$ (1,779)	0	0	-27,815	-27,815
sub-Total Sales Service	$ 23,627,265	$ 25,467,275	$ (1,840,010)	-2,774,205	-1,939,299	-5,083,290	-7,022,589
Transportation							
F1/T2	$ 1,702,209	$ 1,625,678	$ 76,530	2,855,733		4,554,514	4,554,514
F1/T2/T1	968,305	1,213,040	(244,735)	-3,354,150		729,136	729,136
T-1 Interruptible Transportation Service	1,770,030	2,244,514	(474,484)	-5,000,920		-4,517,125	-4,517,125
T-3 Low Volume Transportation Service	709,720	76,132	633,587	3,366,253		-200,723	-200,723
SS-1 Special Service							
Special Contracts	137,544	62,854	74,690	4,035,850		-2,049,453	-2,049,453
sub-Total Transportation	$ 5,287,807	$ 5,222,218	$ 65,590	1,902,767	0	-1,483,652	-1,483,652
Total Sales and Transportation	$ 28,915,072	$ 30,689,492	$ (1,774,420)	*-871,439*	*-1,939,299*	*-6,566,942*	*-8,506,241*
Miscellaneous Revenues							
Reconnect Charges	$ 108,257	$ 135,400	$ (27,143)				
Service Establishment	157,849	178,420	(20,571)				
Returned Check	14,890	14,340	550				
Late Payment	333,228	491,307	(158,079)				
Service Work	0	1,704	(1,704)				
Damage Billing	89,302	93,265	(3,963)				
Miscellaneous	0	0	0				
sub-Total Miscellaneous	$ 703,527	$ 914,436	$ (210,909)				
AFUDC	$ 352,221	$ 247,000	$ 105,221				
Total Margins	$ 29,970,820	$ 31,850,928	$ (1,880,108)				
Summary							
Residential	$ 13,304,074	$ 13,549,804	$ (245,731)	101,400	-1,099,189	-605,420	-1,704,609
Commercial	10,994,920	11,950,473	(955,553)	-839,217	-840,110	-3,320,843	-4,160,953
Industrial	4,616,078	5,189,215	(573,137)	-1,463,487	0	-1,310,813	-1,310,813
Miscellaneous	1,055,748	1,161,436	(105,688)				
	$ 29,970,820	$ 31,850,928	$ (1,880,108)	*-2,201,303*	*-1,939,299*	*-5,237,077*	*-7,176,376*

Chattanooga Gas C(

Forecast Comaprison Summary

2009 Rate Case Attrition Year (May 2010 t

		Base Rate Margin Revenue Variance		
		Use per Customer		
Firm Sales	Growth	Weather Pattern	Consumption Pattern	Use per Customer Total
R-1 Residential	$ 38,596	$ (293,038)	$ 8,599	$ (284,439)
R-4 Residential	0		113	113
C-1 Commercial & Industrial	(13,403)	(45,279)	519,378	$ 474,099
C-2 Large Commercial & Industrial	(894,046)	(130,268)	(1,025,522)	$ (1,155,790)
Special Contracts	0		(3,360)	(3,360)
sub-Total Firm Sales	$ (868,854)	$ (468,585)	$ (500,792)	$ (969,377)
Interruptible Sales				
I-1 Interruptible Service	$ 0		$ (1,779)	$ (1,779)
sub-Total Interruptible Sales	$ 0	$ 0	$ (1,779)	$ (1,779)
sub-Total Sales Service	$ (868,854)	$ (468,585)	$ (502,571)	$ (971,156)
Transportation				
F1/T2	$ 252,179		$ (175,649)	$ (175,649)
F1/T2/T1	(242,076)		(2,659)	$ (2,659)
T-1 Interruptible Transportation Service	(272,312)		(202,171)	$ (202,171)
T-3 Low Volume Transportation Service	662,405		(28,818)	$ (28,818)
SS-1 Special Service				
Special Contracts	75,000		(310)	(310)
sub-Total Transportation	$ 475,196	$ 0	$ (409,606)	$ (409,606)
Total Sales and Transportation	$ (393,658)	$ (468,585)	$ (912,177)	$ (1,380,762)
Miscellaneous Revenues				
Reconnect Charges				
Service Establishment				
Returned Check				
Late Payment				
Service Work				
Damage Billing				
Miscellaneous				
sub-Total Miscellaneous				
AFUDC				
Total Margins				
Summary				
Residential	$ 38,550	$ (293,038)	$ 8,757	$ (284,281)
Commercial	(278,671)	(175,547)	(501,335)	(676,882)
Industrial	(187,209)	0	(385,927)	(385,927)
Miscellaneous				
	$ (427,330)	$ (468,585)	$ (878,505)	$ (1,347,090)

DISCOVERY REQUEST NO. 145:

For purposes of this request, please refer to page 18, lines 7 through 15, of Mr. Lindsey's Direct Testimony. Please identify how much of the $2.6 million revenue deficiency is associated with a decrease in usage per customers or total number of customers and reconcile this amount with the purported $1.4 million revenue deficiency identified on page 4, lines 17 through 18 of Mr. Lindsey's Direct Testimony. Please provide the data and calculations used to conduct this analysis in electronic spreadsheet format with all calculations, formulae, and assumptions. Provide workpapers supporting this response in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

Response:

$0.9 million of the revenue reduction is related to decreases in use per customer. $0.4 is related to net customer reductions, and $0.1 is related to other miscellaneous revenues. $.5 million is due to updating CGC's normal weather pattern. The workpapers for these amounts can be found in the response to discovery request no. 126.

The remaining $0.7 million is related an increase in cost of capital and cost of service offset by a decrease in rate base.

DISCOVERY REQUEST NO. 164:

Please provide a copy of the Freedonia Group market research report referenced on page 4 of Mrs. Peeples's Direct Testimony.

Response:

The requested report is proprietary and the Company is not at liberty to reproduce the document for purposes of responding to this request. Please see attachment 164-1 which describes the terms and conditions. The Company will make the report available for review at the Company's office or at the office of our attorney.

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DISCOVERY REQUEST NO. 165:

Please provide a copy of all RKS Research and Consulting benchmarking surveys referenced on page 5 of Mrs. Peeples's Direct Testimony.

Response:

Please see attachment 165-1, a presentation summarizing the surveys, and attachment 165-2, an executive summary of the surveys. These attachments are being filed confidential pursuant to the protective order issued in this docket.

DISCOVERY REQUEST NO. 182:

Please provide all studies, analyses, investigations, reviews, examinations, or assessments performed by or for the Company that address the need to replace distribution plant, by account, that is not associated with growth.

Response:

In summer 2009, the company performed an analysis to determine how the remaining bare steel and cast iron pipe would be replaced. The remaining pipe was grouped into 32 projects. Next a rating of 1 to 5 was given in each of the following categories: Repaired Leaks, Pending Leaks, Repair Costs, Number of Customers, and Pressure System. See the attachment 182-1 spreadsheet. The higher number represents a greater need in that category. Finally the project score was totaled and then sorted to determine the order of replacement. The Company also provided analysis of the need for replacement of bare steel and cast iron pipe in the direct testimony of Richard Lonn in TRA Docket Numbers 04-00034 and 06-00175.

For non bare steel / cast iron projects, other means are used to determine need. For pressure improvement projects, field charts and modeling data are used to determine the need. For DOT relocations, conflicts with grading and drainage determine need, and for relocation jobs for land developers, the need is based on conflicts with proposed private construction.

Project Names	Repaired leaks	Pending leaks	Repair Cost	Customers	Pressure	Total
Douglas Street Area	5	5	5	4	5	**24**
Market Street Area	5	5	4	5	5	**24**
Main Street Area	5	5	5	2	5	**22**
60# System - East Chattanooga	5	5	5	5	1	**21**
South Crest Road Area	3	5	3	4	5	**20**
South Highland Park Avenue Area	4	4	2	5	5	**20**
East Main Street @ South Willow Street Area	4	3	1	5	5	**18**
McCallie Avenue Area	4	4	4	1	5	**18**
Anderson Avenue and Belvoir Avenue Area	5	3	4	3	1	**16**
Chestnut Street	2	3	5	1	5	**16**
East 32nd Street Area	2	3	3	3	5	**16**
Workman Road Area	5	5	1	4	1	**16**
12th Avenue Area	1	2	3	4	5	**15**
Cleveland BSCI	4	4	1	5	1	**15**
Gignal Mountain Road to Cherokee Boulevard	4	4	5	1	1	**15**
Crest Road Area	3	4	1	1	5	**14**
South East Brainerd Road	1	2	5	5	1	**14**
South Tunnel Boulevard	2	2	3	2	5	**14**
John Ross Road Area	3	2	3	4	1	**13**
North Dodds Avenue Area	1	2	2	3	5	**13**
Gilbert Street at North Chamberlain Avenue	2	1	2	2	5	**12**
Kelley Street Area	4	4	2	1	1	**12**
North Tunnel Boulevard Avenue Area	1	1	2	3	5	**12**
Old Mission Road Area	3	3	1	4	1	**12**
South Dayton Boulevard	3	3	2	3	1	**12**
Stuart Street @ North Chamberlain Avenue	2	1	1	3	5	**12**
Ringgold Road Area	1	2	4	2	1	**10**
Alton Park Boulevard & Small Areas	1	1	4	2	1	**9**
North Dayton Boulevard	3	1	1	2	1	**8**
South Creek Road and Extra	1	1	4	1	1	**8**
Midland Pike at North Moore Road Area	1	1	3	1	1	**7**
Central Avenue @ Workman Road	2	1	1	1	1	**6**