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Chattanooga TN 3742

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Docket No. 09-00183

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TN REGULATORY AUTHORITY
UTILITIES DIVISION

October 20, 2010

Mrs. Pat Murphy
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville TN 37243-0505

20100219

Dear Mrs. Murphy,

Enclosed are an original and three copies of the following Chattanooga Gas Company tariff sheets that are being submitted in compliance with the TRA's May 24, 2010 decision in Docket 09-00183 (Petition of Chattanooga Gas Company for a General Rate Increase, Implementation of EnergySmart Conservation Program, and Implementation of Revenue Decoupling

Chattanooga Gas Company, Gas Tariff, TRA No. 1, Table of Contents effective June 1, 2010 revised to reflect changes approved in the proceeding..

Chattanooga Gas Company, Gas Tariff, TRA No. 1, Tenth Revised Sheets No. 1A, and 10 A effective June 1, 2010. The following was added under the BILLING ADJUSTMENTS heading:

"Bills for gas service hereunder shall be subject to the provisions of the Alignment and Usage Adjustment (AUA) as approved by the Tennessee Regulatory Authority."

Chattanooga Gas Company, Gas Tariff, TRA No. 1, Tenth Revised Sheets No. 20 A, effective June 1, 2010. The following underlined wording was added under the BILLING DEMAND heading:

The billing demand shall be the greater of (a) or (b) below or as established in the gas sale agreement when service is provided in conjunction with service provided under another Rate Schedule.



Chattanooga Gas

Chattanooga Gas Company, Gas Tariff, TRA No. 1, Ninth Revised Sheets No. 48, effective June 1, 2010. The following underlined wording was added to the second paragraph under the INTENT AND APPLICATION heading:

This Interruptible Margin Credit Rider is also intended to authorize the Company to recover not more than fifty percent (50%) of the gross profit margin that results from transactions with non-jurisdictional Customers that rely on the Company's gas supply assets (all such transactions including off-system sales) should such transactions be made by the Company. The Company shall also recover through this Rider other costs authorized by the Authority.

The motion adopted during the May 24, 2010 Conference provided that the legal cost incurred in Docket 07-0224, the cost of the Programmable Thermostat program, the non-shareholder funded cost of the Education and Outreach program, the \$25,000 for NRRI assistance in evaluating the Programmable Thermostat and the Education and Outreach programs, and annual \$20,000 ratepayer funded consumer-oriented research are to be funded through the asset management program provided in this tariff provision. Rather than specify each of these provision, the sentence above was added to allow cost specifically approved by the Authority to be included in the IMCR filing.

Chattanooga Gas Company, Gas Tariff, TRA No. 1, Seventh Revised Sheets No. 49 A, effective June 1, 2010.

The Weighted Base Rate, the Heat Sensitive, and the Base Load factors for the R-1 and the C-1 Rate Schedules are deleted and the factors for the R-4 and the C-2 are updated to reflect the impact of the updated 30 year normal period and sales volumes adopted for these rate schedules in proceeding.

Chattanooga Gas Company, Gas Tariff, TRA No. 1, Original Sheets No. 57, 57A, 57B and 57C effective June 1, 2010 implementing the Alignment And Usage Adjustment (AUA) Rider approved in the proceeding.. On Sheet 57 C the paragraph under the heading Reconciliation of AUA Revenue Recoveries was changed from the initial filing to reflect the 2% limit on the AUA that was adopted at the May 24, 2010 TRA Conference.

RECONCILIATION OF AUA REVENUE RECOVERIES

The revenues billed, or credits applied, net of taxes and assessments, through the application of the AUA Rate shall be accumulated for each month of the Recovery Period and applied against the AUA revenue excess or deficiency from the Calculation Period. The excess or deficiency shall include any cumulative balances remaining from prior periods. Any balance existing at the conclusion of the Recovery Period, positive or negative, shall be reflected as a

Reconciliation Adjustment to be included in the AUA for the subsequent Recovery Period. The amount to be recovered through the AUA in any one Recovery Period shall not exceed 2% of total margin for the corresponding Calculation Period.

The changes on the following pages are movement of text and do not include any changes in the wording of the tariff provisions.

Seventh Revised Sheet 30 B
Second Revised Sheet 30 C
First Revised Sheet 38
First Revised Sheet 38 A
First Revised Sheet 38 B

If you have any questions please give me a call at 404-584-4570, contact me by e-mail at ahicker@aglresources.com ,or by mail at:

Archie Hickerson,
Director-Regulatory Affairs and Planning
P.O Box 4569
Atlanta, GA 30302-4569

Sincerely,

A handwritten signature in cursive script, appearing to read "Archie R. Hickerson".

Archie R. Hickerson
Director-Regulatory Affairs and Planning

**CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1
TENNESSEE REGULATORY AUTHORITY
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RATE SCHEDULE R-1 (Continued)
Residential General Service

STANDBY SERVICE

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenues realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

GAS LIGHT SERVICE

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

MULTIPLE BILLING

Where the Company serves a number of separate dwelling units under common ownership on the same premises with service through a single meter, the minimum charge and the quantity of gas within each block of the above rates shall be multiplied by the number of individual units in which gas is consumed.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Alignment and Usage Adjustment (AUA) as approved by the Tennessee Regulatory Authority.

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Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE C-1(Continued)
Small Commercial and Industrial General Service

STANDBY SERVICE

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenue realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

GAS LIGHT SERVICE

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

SPECIAL TERMS & CONDITIONS

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of (1.) 25.00 per Dth or (2.) the average index price on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Alignment and Usage Adjustment (AUA) as approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority

RATE SCHEDULE F-1 (Continued)
Commercial and Industrial Large Volume Firm Sales Service

MINIMUM BILL

The minimum monthly bill shall be the Customer's Base Use Charge as shown in the Monthly Base Rate stated above plus the amount of the individual Customer's Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING DEMAND

The billing demand shall be the greater of (a) or (b) below or as established in the gas sale agreement when service is provided in conjunction with service provided under another Rate Schedule.

C

(a) The demand for the current month is always the highest demand day in any of the previous 11 billing months plus the current billing month - - bearing in mind that demand days are established only during the billing months of November, December, January, February and March.

(b) The demand will be 65% of the average daily consumption for the preceding months of April through October.

Whenever a Customer commences taking service under this rate between April 1, and October 31 of any year, the billing demand for each billing month prior to the November billing shall be 6% of the monthly consumption in each such. Commencing with the billing month of November, the billing demand shall be determined under (a) or (b), above.

DETERMINATION OF DEMAND DAY

The demand day shall be determined at the option of the Company by one of the following methods:

1. By measuring the maximum volume of gas taken by the Customer in any one day through the use of volume and pressure recording and measuring equipment installed by the Company.
2. When gas is delivered to a Customer through a positive displacement meter without the use of daily recording and measuring equipment, the maximum volume of gas taken in any one day during the billing month shall be 6% of the total volume of gas used by the Customer during such billing month.

The Company retains the option of installing recording and measuring equipment to determine the maximum volume of gas taken in any one day on the meter of any Customer purchasing gas service under this Rate Schedule.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

3. The Company retains the option of installing recording and measuring equipment to determine the maximum volume of gas taken in any one day on the meter of any Customer purchasing gas service under this Rate Schedule.

MINIMUM BILL

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

RATE SCHEDULE T-1 (Continued)
Interruptible Transportation Service

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline times the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

M

Percentage of the Imbalance	Short Premium	Long Discount
Equal to or less than 10%	100%	100%
Over 10% & equal to or less than 15%	120%	80%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The Daily Index Cost of Gas shall be derived from the prices published in *Gas Daily* in the Daily Price Survey.

Southern Natural , La	X	37%
	+	
Tennessee, zone 0	X	15%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges. Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism.

RATE SCHEDULE T-1 (Continued)
Interruptible Transportation Service

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

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SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

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Customer shall immediately discontinue the use of transported gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of (1.)\$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth. and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible transportation service deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE TPS

APPLICABILITY

The provisions of this Rate Schedule shall apply to brokers, marketers, and Customers intending to act as their own gas supplier, and other third party suppliers (collectively "Third Party Suppliers" or "TPS") of natural gas that wish to either act as agents for Transportation Customers or deliver natural gas supplies to Company's City Gate for Transportation Customers. Each Customer that elects a third party supplier must provide the Company a shipper letter designating the TPS that is to deliver gas to the Company's system on behalf of the Customer. A Customer may designate no more than one TPS each month.

NOMINATIONS FOR SERVICE

Daily, a TPS shall provide the Company the day prior to delivery by at least 12:30 PM Eastern Standard Time an estimate of its deliveries ("nomination") via the Company's Electronic Bulletin Board (EBB) to meet each of their Customers' daily requirements. The TPS shall use its best efforts to match their daily nominations to requirements for the Customers it serves. Failure to provide nominations may result in suspension of service to Customers of the offending TPS. Failure to comply with the Company's nominating procedures may result in curtailment of third party gas deliveries or additional monthly cash-outs to their Customers. The Company reserves the right to require daily balancing, and shall have the right to curtail service to ensure deliveries on a uniform basis and to correct any imbalances. The Company shall show the reason for any such requirement for daily balancing or curtailments of service upon request of any affected Customer or any regulatory agency. The Company will provide the TPS in all instances with notice that daily balancing will be imposed by posting such daily balancing alerts to its EBB. The Company shall provide such notice as soon as reasonably practicable. It shall be the responsibility of the TPS to notify its Customers of the alert and the supply available to each facility served by the TPS.

In making nominations the TPS shall provide the following:

- (1) The Customer for whom the nomination is being made.
- (2) The pipeline company and the pipeline transportation contract identifiers under which gas deliveries will be made to the Company's distribution system.
- (3) The daily quantity of gas, expressed in MMBTU (Dekatherms), to be tendered at each receipt point.
- (4) Maintain connectivity to the Company's EBB at all times in order to receive communication from Company at any and all times.
- (5) The name, address, and telephone number of a contact person that is available to receive communication from Company at any and all times and upon whose written and oral communications Company may exclusively rely.
- (6) Any additional information as may be required by the Company in order to perform its functions as a Delivery Point Operator on the pipeline transportation system.

If Customer's TPS fails to comply with provisions 1 through 6 above, the Company may elect not to schedule the commencement of service or allow the TPS's Customers to participate in Monthly Imbalance Trading. The Company shall, as soon as reasonably practicable, provide notice to the Customers of such a TPS of the TPS' failure to comply with these provisions that result in the Company not scheduling service or the prohibition of the Customers' participation in Monthly Imbalance Trading. Customers whose designated TPS is prohibited from scheduling service may receive service and purchase gas from the Company under the applicable corresponding Rate Schedule for the remainder of the month. Beginning with the next month the Customer must notify the Company that the Customer will act as its own gas supplier, or designate another TPS.

RATE SCHEDULE TPS (continued)

INDEMNIFICATION

As between the Company and TPS, TPS warrants that it has clear title to any gas delivered into the Company's system, and TPS shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's system for redelivery to Customer. TPS agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries to the City Gate on behalf of a transporting Customer.

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DAILY AND MONTHLY CONTRACT BALANCING

All TPS Customers will automatically be placed in a non-discriminatory monthly balancing pool. The Company will aggregate the deliveries and receipts of gas of all TPS Customers participating in the pool for the purpose of determining whether imbalance premiums as set forth in the applicable Rate Schedule will apply. In the event that charges are nonetheless assessed to certain TPSs, such charges will be no greater than the charges that otherwise would have been assessed if the Company did not have a monthly balancing pool.

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a) Daily Balancing

The Company reserves the right to require daily balancing on any day in which the Company, in the exercise of its reasonable judgment, determines that such balancing is necessary for operational reasons.

The Company will provide the TPS in all instances notice that daily balancing will be imposed. It is the responsibility of the TPS to notify its Customers that daily balancing is in effect or that the Customer must comply with a curtailment order as directed by the Company.

In the event that daily balancing is imposed in accordance with this section, TPSs shall be required to notify their Customers that daily balancing is in effect, and that if a Customer takes daily gas deliveries in excess of the Customers' daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event any of TPS's Customers do not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, in accordance with the provisions of the Rate Schedule under which the Customer is served, such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of (1.)\$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth. and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These charges shall be in addition to all other charges payable by the Customer under the Rate Schedule under which service is provided. The payment of a charge for gas taken in excess of the daily volume allowed by the curtailment order shall not under any circumstances be considered as giving any such TPS Customer the right to take over-run gas, nor shall such payment be considered as a substitute for any other remedies available to Company against the TPS Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

If the Company determines that deliveries in excess of the gas consumed by the Customer are beneficial to the systems operation, the Company may waive the "long discounts" as specified in the Rate Schedule under which the customer is served.

The Company shall, within the existing limitations of its system, provide for balancing between gas requirements and actual gas deliveries received by the Company for the account of the Customers served by the TPS that day. The Company shall not be obligated to provide gas service during an hourly, daily or monthly period in excess of the levels specified in the Rate Schedules under which Customers are served.

RATE SCHEDULE TPS (continued)

The curtailment of interruptible gas deliveries in whole or in part in compliance with the interruption provisions of the Rate Schedule under which the Customer receives service shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

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b) Monthly Imbalance Trading

Any difference between the quantities delivered to the Company's City Gate facilities for the account of a TPS Customer for the month, and the quantities consumed by the TPS Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If a TPS Customer consumes more gas than it has delivered to the Company, the TPS's Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company. If the TPS's Customer consumes less gas than it has delivered to the Company, the TPS's Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price in accordance with the provisions of this tariff under the Rate Schedule in the Customer receives service. Within two business days after the end of the month the Company shall inform participating TPSs of their Customers' respective monthly cash out position. From three to five business days after the end of the month the Customer imbalances may be traded. At the end of the fifth business day the TPSs who have agreed to trades on behalf of Customers shall notify the Company of their trades through the Company's EBB. Nonetheless, TPSs trading imbalances will, have to set their own prices or methods by which over or under balances will be traded among individual Customers.

STANDARDS OF CONDUCT

In addition to the above terms and conditions, TPS and TPS Customers must agree to comply with any standards of conduct or other requirements set forth by the TRA.

INTERRUPTIBLE MARGIN CREDIT RIDER

APPLICABILITY

This Rider shall apply to and become part of each of Chattanooga Gas Company's (Company's) Rate Schedules under which gas is sold on a firm basis (hereinafter referred to as "Firm Schedule").

INTENT AND APPLICATION

This Interruptible Margin Credit Rider is intended to authorize the Company to recover ninety percent (90%) of the gross profit margin losses that result from rates negotiated under the provisions of Special Service Rate Schedule SS-1 or from Customers who switch to alternate fuels where the Company is unable to meet alternate fuel competition.

This Interruptible Margin Credit Rider is also intended to authorize the Company to recover not more than fifty percent (50%) of the gross profit margin that results from transactions with non-jurisdictional Customers that rely on the Company's gas supply assets (all such transactions including off-system sales) should such transactions be made by the Company. The Company shall also recover through this Rider other costs authorized by the Authority.

C

DETERMINATION OF GROSS PROFIT MARGIN LOSSES

The gross profit margin loss shall be calculated as ninety percent (90%) of the difference between the Test-Year Targeted Rate Margin as determined in the Company's most recent rate case order of the Authority and the Actual Negotiated Rate Margin.

Any amount of gross profit margin losses shall be recovered from the firm commodity component of gas costs as determined under the presently effective Purchased Gas Adjustment Provision.

FILING WITH THE AUTHORITY

Annually the Company shall file a report of the negotiated rate gross profit margin loss and the gross profit margin from transactions with non-jurisdictional Customers for the accounting/recovery period which shall correspond with the Company's Fiscal Year, or if the Company has an asset management agreement, the accounting/recovery period may be modified to coincide with the contract year of the agreement or, for just cause, with another appropriate accounting/recovery period.

The Company shall charge all authorized negotiated rate gross profit margin losses to the "Deferred Gas Cost" account in accordance with Section III.C. of the Authority's PGA Docket No. G86-1 and shall file the supplemental sheets required by this Rule showing the calculation of the margin losses unless modified and approved by the Authority upon showing good cause.

**WEATHER NORMALIZATION ADJUSTMENT
(WNA) RIDER COMPONENTS**

RATE SCHEDULE	WEIGHTED BASE RATE <u>(\$THERM)</u>	HEAT SENSITIVE FACTOR - HSF <u>(THERM)</u>	BASE LOAD - BL <u>(THERM)</u>	
<u>(R-4) MULTI-FAMILY HOUSING SERVICE</u> Winter (November - April)	.217669	.084580	14.628	C
<u>(C-2) MEDIUM COMMERCIAL AND INDUSTRIAL GENERAL SERVICE</u> Winter (November - April)	.176772	2.5160	471.807	C

**ALIGNMENT AND USAGE ADJUSTMENT
(AUA) RIDER**

APPLICABILITY

The Alignment and Usage Adjustment (AUA) shall adjust the rates for the applicable Rate Schedules to reconcile actual base revenue recoveries per customer to the benchmark level established by the Tennessee Regulatory Authority. The AUA shall apply to the following Rate Schedules:

N

- R-1: Residential General Service
- C-1: Commercial and Industrial Small General Service

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PURPOSE

The purpose of the AUA is to establish on an annual basis a base revenue adjustment, positive or negative, to permit the Company to recover the approved level of base revenues per customer. The AUA provides the Company with the proper incentive to promote conservation and energy efficiency by ensuring that the Company neither over-collects or under-collects base revenues due to changes in average customer consumption levels in between base rate case proceedings.

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DEFINITIONS

For Purpose of this Rider:

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"**Authority**" shall mean the Tennessee Regulatory Authority.

"**Actual Base Revenue per Customer**" shall be determined on a monthly basis by dividing the actual base revenue for a Customer Class Group by the respective Actual Number of Customers as recorded on the Company's books.

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"**Actual Number of Customers**" shall be determined on a monthly basis for each Customer Class Group to which the AUA applies. The Actual Number of Customers shall equal the aggregate actual booked number of customers for the month as recorded on the Company's books of account.

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"**Benchmark Base Revenue per Customer**" shall mean the allowed average Revenue Per Customer ("RPC") for a given month and Customer Class Group.

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"**Calculation Period**" shall be the twelve consecutive months from June 1 of one calendar year through May 31 of the following calendar year.

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"**Customer Class**" shall mean the group of customers all taking service pursuant to the same Rate Schedule.

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"**Customer Class Group**" shall mean the group of Rate Schedules combined for purposes of calculating the Revenue Normalization Adjustment amounts. For purposes of determining and applying the AUA, customers shall be aggregated into two separate Customer Class Groups as follows:

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- Customer Class Group I: Residential customers taking service pursuant to Rate Schedule R-1
- Customer Class Group II: Commercial & Industrial customers taking service pursuant to Rate Schedules C-1

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"Recovery Period" shall mean the twelve month period beginning on the August 1st of one calendar year immediately following the conclusion of the Annual Period through July 31st of the following calendar year. N

"Revenue per Customer" shall mean the average total base revenues divided by the corresponding number of customer bills. N

"Relevant Rate Order" shall mean the final order of the Authority in the most recent litigated rate case of Chattanooga Gas Company (Company) fixing the rates of the Company or the most recent final order of the Authority specifically prescribing or fixing the factors and procedures to be used in the application of this Rider. N

BENCHMARK BASE REVENUE PER CUSTOMER

The Benchmark Base RPC shall be determined separately for each month and Customer Class Group. The Benchmark Base RPC for the applicable Customer Class Group shall be determined by first multiplying the then effective base rates for each Customer Class by the corresponding test period billing determinants utilized to design base rates to yield benchmark base revenues by Customer Class. The base rates and the associated billing determinants shall be those established by the Authority in the Company's most recent base rate case pursuant to a Relevant Rate Order. The resulting benchmark base revenues by Customer Class for all Rate Schedules within the same Customer Class Group shall be added together and divided by the total test period number of customers for the corresponding Customer Classes in order to yield the applicable Benchmark Base RPC. The Benchmark Base RPC for each Customer Class Group by month are as follows: N

<u>Month</u>	<u>Residential</u> <u>(R-1)</u>	<u>Commercial</u> <u>(C-1)</u>
June	\$14.48	\$31.73
July	14.24	30.47
August	14.28	29.96
September	14.23	29.84
October	15.18	30.07
November	21.87	42.10
December	27.30	57.43
January	31.39	72.07
February	30.46	72.57
March	26.75	62.05
April	22.28	48.63
May	15.82	33.03
Total-Annual	\$248.28	\$539.95

**ALIGNMENT AND USAGE ADJUSTMENT
(AUA) RIDER
(Continued)**

CALCULATION OF AUA ADJUSTMENT

At the end of the Calculation Period, the Company shall determine for each Customer Class Group the base revenue deficiency or excess to be surcharged or credited to customers pursuant to the AUA mechanism. The revenue deficiency or excess shall be calculated by subtracting the Actual Base Revenue per Customer from the Benchmark Base Revenue per Customer for each month and multiplied by the corresponding monthly Actual Number of Customers. The AUA Revenue Adjustment shall be aggregated for all months during the Calculation Period.

The AUA shall be computed for each Customer Class Group pursuant to the following formula:

$$AUA_{cg} = \frac{((BRPC - ARPC) * \sum_{n=1}^{n=j} ACUSTS) + I + RA}{TVOL}$$

Where

AUA_{cg}	=	The Revenue Decoupling Adjustment for the Customer Class Group.
$ARPC$	=	The Actual Base Revenue Per Customer for the applicable Customer Class Group and month for the most recently completed Calculation Period.
$BRPC$	=	The Benchmark Base Revenue Per Customer for the applicable Customer Class Group and month.
j	=	The total number of Rate Schedules included in the Customer Class Group.
$ACUSTS$	=	The Actual number of customers for the applicable Customer Class Group and month for the most recently completed Calculation Period.
I	=	Interest on the end-of-month AUA Account balance. The interest rate for each month used shall be the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the month preceding the month of the Calculation Period.
RA	=	Reconciliation Adjustment for prior period over or under-recovery of the AUA for the applicable Customer Class Group.
$TVOL$	=	Forecast throughput Volumes inclusive of all firm sales and firm transportation throughput for the applicable Customer Class Group.

This Alignment and Usage Adjustment (AUA) Rider shall be effective for the three Calculation Periods with the first beginning June 1, 2010 and the corresponding three Recovery Period with the first beginning July 1, 2011.

ALIGNMENT AND USAGE ADJUSTMENT
(AUA) RIDER
(Continued)

RECONCILIATION OF AUA REVENUE RECOVERIES

The revenues billed, or credits applied, net of taxes and assessments, through the application of the AUA Rate shall be accumulated for each month of the Recovery Period and applied against the AUA revenue excess or deficiency from the Calculation Period. The excess or deficiency shall include any cumulative balances remaining from prior periods. Any balance existing at the conclusion of the Recovery Period, positive or negative, shall be reflected as a Reconciliation Adjustment to be included in the AUA for the subsequent Recovery Period. The amount to be recovered through the AUA in any one Recovery Period shall not exceed 2% of total margin for the corresponding Calculation Period.

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FILING WITH AUTHORITY

No later than June 1st of each year, the Company will file with the Authority for approval of rates to be effective under the AUA Rider accompanied by the computations and information required by this Rider.

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