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CHATTANOOGA GAS COMPANY

2207 OLAN MILLS DRIVE

CHATTANOOGA, TENNESSEE 37421

TRA NO. 1

GAS TARIFF



Chattanooga Gas

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

AVAILABILITY

Available for all gas service furnished to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered or measured, irrespective of the fact that a person other than the resident: (1) is contractually bound to the Chattanooga Gas Company (Company) for the charges, or (2) actually pays the charges, or (3) is billed for the charges. Use of gas service in hotel or motel units by transient occupants shall not constitute residential use. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate</u> November-April	<u>Summer</u> <u>Net Rate</u> May-October	
<u>Customer Base Use Charge</u>	\$16.00	\$11.00	C
<u>Commodity Charge</u>			
First 25 Therms Per Month	26.071¢ Per Therm	19.052¢ Per Therm	
Next 25 Therms Per Month	18.174¢ Per Therm	13.787¢ Per Therm	C
Over 50 Therms Per Month	15.981¢ Per Therm	4.575¢ Per Therm	
<u>Summer Air -Conditioning Charge</u>			
Over 50 Therms Per Month	---	3.134¢ Per Therm	C
<u>Standby Service Demand Charge</u>			
Rate Per Therm Of Input Per Month	Demand Charge Applicable To F-1 Customers	Demand Charge Applicable To F-1 Customers	

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms.

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therms}$$

Monthly billing in units of CCF, Dth or Therms may be based upon monthly or bi-monthly meter reading.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

SUMMER AIR-CONDITIONING RATE

Available to any residential Customer who has installed and regularly operates a gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, 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.

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) and the energySmart Program Recovery Adjustment (ESPRA) as approved by the Tennessee Regulatory Authority.

C

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 R-4
Multi-Family Housing Service

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1
AVAILABILITY

SEVENTH REVISED SHEET NO.5

This service classification is closed and only available to customers currently receiving service as of July 31, 2006 that are either a public housing authority, or a private company which operates a housing project containing not less than 50 dwelling units, which uses gas in each dwelling unit for two or more of the following purposes: Cooking, water heating, refrigeration, air conditioning and space heating, and which contracts for gas service for a period of not less than one year, and is subject to the Chattanooga Gas Company (Company)'s determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly without the approval of the Company.

<u>MONTHLY BASE RATE</u> (Per Dwelling Unit Connected)	<u>Winter</u>	<u>Summer</u>	
	<u>Net Rate</u> <u>November- April</u>	<u>Net Rate</u> <u>May-October</u>	
<u>Customer Base Use Charge</u>	\$6.00/Unit	\$6.00/Unit	
<u>Commodity Charge</u>			
Flat Rate Per Month	25.096¢ Per Therm	22.678¢ Per Therm	C
<u>Air -Conditioning Commodity Charge</u>			
Flat Rate Per Month	----	3.134¢ Per Therm	C
Standby Service Demand Charge			
Rate Per Therm Of Input Per Month	Demand Charge Applicable To F-1 Customers	Demand Charge Applicable To F-1 Customers	C

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therms}$$

Monthly billing in units of CCF, Dth or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

SUMMER AIR-CONDITIONING RATE

Available to any multi-family housing Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge per dwelling unit 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.

ISSUED: NOVEMBER 16, 2009
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

RATE SCHEDULE R-4
Multi-Family Housing Service

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 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) and the energySmart Program Recovery Adjustment (ESPRA) 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.

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
Small Commercial and Industrial General Service

AVAILABILITY

Available to any commercial or industrial Customer for all purposes that consumes less than or up to 4,000 therms annually. Gas service under this rate schedule in excess of 1,000 THERM per day shall be, at the option of Chattanooga Gas Company (Company), by written contract for a term of one year or less providing for monthly payment of gas Service, and is subject to the Company's determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate</u> November-April	<u>Summer</u> <u>Net Rate</u> May-October
<u>Customer Base Use Charge</u>	\$29.00	\$25.00
<u>Commodity Charge</u>	24.630¢ Per Therm	20.638¢ Per Therm
<u>Air-Conditioning Charge</u> Flat Rate Per Month	----	3.134¢ Per Therm
<u>Standby Service Demand Charge</u> Rate Per Therm of Input Per Month	Demand Charge Applicable to F-1 Customers	Demand Charge Applicable to F-1 Customers

C

C

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therms}$$

Monthly billing in units of CCF, Dth or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

SUMMER AIR-CONDITIONING RATE

Available to any commercial or industrial Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for summer air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, 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.

ISSUED: NOVEMBER 16, 2009
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

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) and the energySmart Program Recovery Adjustment (ESPRA) as approved by the Tennessee Regulatory Authority

C

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

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

REVISED SHEET NO. 10B

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

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 Public Service 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.

ISSUED: NOVEMBER 20, 2006
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: JANUARY 1, 2007

RATE SCHEDULE C-2
Medium Commercial and Industrial General Service

AVAILABILITY

Available to any commercial or industrial Customer for all purposes that consumes greater than 4,000 therms annually. Gas service under this rate schedule in excess of 1,000 THERM per day shall be, at the option of Chattanooga Gas Company (Company), by written contract for a term of one year or less providing for monthly payment of gas Service, and is subject to the Company's determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate</u> November-April	<u>Summer</u> <u>Net Rate</u> May-October
<u>Customer Base Use Charge</u>	\$75.00	\$75.00
<u>Commodity Charge</u>		
First 3,000 Therms Per Month	16.412¢ Per Therm	12.253¢ Per Therm
Next 2,000 Therms Per Month	16.412¢ Per Therm	12.253¢ Per Therm
Over 10,000 Therms Per Month	14.564¢ Per Therm	8.790¢ Per Therm
Over 15,000 Therms Per Month	6.521¢ Per Therm	6.521¢ Per Therm
<u>Demand Charge</u>		
Rate Unit of Billing Demand	\$7.50 per Dth	\$7.50 per Dth
<u>Air -Conditioning Charge</u>		
Flat Rate Per Month	---	3.134¢ Per Therm

C

C

C

Monthly billing in units of CCF, Dth or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

SUMMER AIR-CONDITIONING RATE

... Available to any commercial or industrial Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for summer air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, 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.

RATE SCHEDULE C-2(Continued)
Medium Commercial and Industrial General Service

BILLING DEMAND

Existing Premises

For existing Premises, the billing demand is calculated based on historical consumption from the prior year using the following methodology:

- (a) The appropriate winter and summer periods are determined based on the Company's billing cycles. Such periods are unique for each Premises, based on its consumption pattern and available data.
- (b) The winter period is based on the billing cycle with the highest average number of heating degree days per day.
- (c) Generally, the summer period includes billing cycles for July and August. If valid data is not available for both months, one month is used. Other non-heat sensitive months may be used if July and August consumption is not representative of baseload (e.g., for gas air conditioning customers).
- (d)
- (e) The consumption for the summer period is divided by the days in the period to calculate the summer daily baseload.
- (f) The summer daily baseload is multiplied by the days in the winter period to produce a winter baseload.
- (g) The winter baseload is subtracted from the total load in the winter period to isolate the heat sensitive load.
- (h) The heat sensitive load is divided by the heating degree days in the winter period to produce a heat sensitive factor.
- (i) The heat sensitive factor is multiplied by the peak day heating degree days to produce the peak heat sensitive load.
- (j) The peak heat sensitive load is added to the winter baseload to produce the initial billing demand
- (k) The initial billing demand is verified and estimation techniques are employed as necessary where actual data produces unacceptable results.

New Premises

For new Premises, the billing demand is estimated based upon the construction matrix prepared by the Company. The BTU rating of the gas fired equipment and the expected hours of operation on the peak day are used to calculate the Demand Unit. After each new Premises has been receiving service for one year, the Premises is no longer considered a new Premises and the billing demand will be recalculated based upon actual consumption using the billing demand calculation method for existing Premises.

RATE SCHEDULE C-2(Continued)
Medium Commercial and Industrial General Service

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.

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.) \$15.00 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.

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 Public Service Authority.

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) and the energySmart Program Recovery Adjustment (ESPRA) 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.

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

ORIGINAL NO.11D

RATE SCHEDULE C-2(Continued)
Medium Commercial and Industrial General Service

GENERAL TERMS AND CONDITIONS

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

ISSUED NOVEMBER 20, 2006
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: JANUARY 1, 2007

RATE SCHEDULE F-1

Commercial and Industrial Large Volume Firm Sales Service

RESTRICTED AVAILABILITY

This rate is available to those Customers actually taking service under Rate Schedule F-1 as of February 1, 1994. This rate will be available to additional Customers subsequent to February 1, 1994 only upon Chattanooga Gas Company (Company)'s ability to provide adequate gas supply to support the sale on terms and conditions which are satisfactory in the sole judgment of the Company subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer. Once a qualified Customer elects service under this Rate Schedule, service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-2 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the F-1/T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule F-1 through May 31, 2006.

AVAILABILITY

Available to any commercial or industrial Customer for all purposes under the following conditions:

1. Service shall be limited to Customers consistently using a minimum of 36,500 Dths annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers.
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of not less than 12 months.

MONTHLY BASE RATE

Customer Base Use Charge

Net Rate

\$375.00

Demand Charge

Per Unit of Billing Demand

\$7.50 Per Dth

C

Commodity Charge

First 1,500 Dths Per Month

\$.7290 Per Dth

Next 2,500 Dths Per Month

\$.6117 Per Dth

Next 11,000 Dths Per Month

\$.3134 Per Dth

Over 15,000 Dths Per Month

\$.1628 Per Dth

C

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

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.

(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.

ISSUED: NOVEMBER 16, 2009

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

ISSUED BY: STEVE LINDSEY, VP

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

SPECIAL TERMS AND 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 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 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 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 I-1
Commercial and Industrial Interruptible Sales Service

AVAILABILITY

Gas sales service available on an interruptible basis to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using a minimum of 36,500 Dths annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more. A Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 Dths.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements, and further provided the Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers. Further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the I-1/ T-1 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May-31, 2006.
6. Customer agrees to install and maintain in usable condition standby fuel burning facilities to enable Customer, in the event of a curtailment of gas, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the delivery of gas hereunder interrupted or curtailed by the Company in accordance with the special terms and conditions as hereinafter set forth.

7.

MONTHLY BASE RATE

Net Rate

Customer Base Use Charge

\$375.00

Commodity Charge

First 1,500 Dths Per Month
Next 2,500 Dths Per Month
Next 11,000 Dths Per Month
Over 15,000 Dths Per Month

\$.7290 Per Dth
\$.6117 Per Dth
\$.3134 Per Dth
\$.1628 Per Dth

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RATE SCHEDULE I-1 (Continued)
Commercial and Industrial Interruptible Sales Service

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

AUTHORIZED INCREMENTAL RATE

When the Company determines that volumes of gas are available to be purchased and transported to Customers under this Rate Schedule, then the Company shall, at its option, be authorized to charge the incremental rate in lieu of the published PGA rate for I-1 Customers for such volumes distributed to those Customers who have been offered and who have agreed to pay such incremental rate in lieu of having their gas service curtailed. On days when gas is not being withdrawn from the Company's Liquid Natural Gas (LNG) facility for system supply, the incremental rate shall be the applicable index rate plus the variable pipeline charges. On those days when gas is being withdrawn from the LNG facility, the incremental rate will be increased to reflect the cost of gas used in the liquefaction and vaporization process.

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.

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.

INTERRUPTIBLE AND FIRM SERVICE

Should any Customer qualified to purchase interruptible gas under all the availability provisions quoted above desire to purchase firm gas under Rate Schedule "C-1", "C-2" or "F-1" plus interruptible gas under this Rate Schedule "I-1", said Customer may do so through a single meter installation under the following conditions:

1. The Company and the Customer must agree as to the maximum volume of firm gas to be delivered in any one day under Rate Schedule "C-1", "C-2" or "F-1".
2. The volume of gas to be billed at the interruptible rate will be the total of the deliveries on each day of the billing month in excess of the agreed volumes for Rate Schedule "C-1", "C-2" or "F-1".
3. The Customer's requirement for interruptible gas must not be consistently less than a minimum daily volume of 100 Dths on an annual or summer seasonal basis (May-October) above and beyond the purchase of firm gas.

RATE SCHEDULE I-1 (Continued)
Commercial and Industrial Interruptible Sales Service

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 installation and monthly cost of any power, telephone lines or wireless facilities necessary for the operation of such equipment.

SPECIAL TERMS AND CONDITIONS

The Company will allocate gas available for delivery under this Tariff as equitably as possible among affected Customers giving effect to those similarly situated and in so doing may always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail interruptible 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 and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a price that is below current costs.

Customer shall immediately discontinue the use of interruptible 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 to 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 gas 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.

RATE SCHEDULE I-1 (Continued)
Commercial and Industrial Interruptible Sales Service

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 T-1
Interruptible Transportation Service

TRANSPORTATION SERVICE AGREEMENT

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

AVAILABILITY

Available on an interruptible basis under a Transportation Service Agreement to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using a minimum of 36,500 Dths annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more. A Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 Dths.
2. The Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule I-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the I-1/ T-1 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May 31, 2006

RATE SCHEDULE T-1 (Continued)
Interruptible Transportation Service

6. Customer agrees to install and maintain standby fuel burning facilities to enable Customer, in the event of curtailment of service, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the service hereunder interrupted or curtailed by the Company in accordance with the terms and conditions set forth in the Special Contract.

MONTHLY BASE RATE

*Net Rate

Customer Base Use Charge

\$375.00

System Capacity Charge

Per Unit of Billing Demand

\$2.35 Per Dth

C

Commodity Charge

First 1,500 Dths Per Month

\$.7292 Per Dth

Next 2,500 Dths Per Month

\$.6117 Per Dth

Next 11,000 Dths Per Month

\$.3134 Per Dth

Over 15,000 Dths Per Month

\$.1628 Per Dth

C

Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

*Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

BILLING DEMAND

The billing demand shall be the greater of (a) or (b) below:

- (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 month. Commencing with the billing month of November, the billing demand shall be determined either 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.

ISSUED: NOVEMBER 16, 2009
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

RATE SCHEDULE T-1 (Continued)
Interruptible Transportation Service

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:

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.

ISSUED: NOVEMBER 16, 2009

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

ISSUED BY: STEVE LINDSEY, VP

RATE SCHEDULE T-2
Interruptible Transportation Service With
Firm Gas Supply Backup

TRANSPORTATION SERVICE AGREEMENT

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

AVAILABILITY

Available on an Interruptible basis to eligible large volume Customers. Transportation Service shall be by Transportation Service Agreement in conjunction solely with service under Rate Schedule F-1.

1. Service shall be limited to Customers consistently using a minimum of 36,500 Dths annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more.
2. The Customer's use under this rate shall not work a hardship on any other rate payers of Chattanooga Gas Company (Company), nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers.
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule F-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the F-1/ T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule F-1 through May 31, 2006.

MONTHLY BASE RATE

*Net Rate

Customer Base Use Charge

\$375.00

Demand Charge

Per Unit of Billing Demand

\$7.50 Per Dth

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Commodity Charge

First 1,500 Dths Per Month

\$.7290 Per Dth

Next 2,500 Dths Per Month

\$.6117 Per Dth

Next 11,000 Dths Per Month

\$.3134 Per Dth

Over 15,000 Dths Per Month

\$.1628 Per Dth

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RATE SCHEDULE T-2 (Continued)
Interruptible Transportation Service With
Firm Gas Supply Backup

Firm Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

MINIMUM BILL

The Minimum Monthly Bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate as stated above plus the amount of the individual Customers' 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 ADJUSTMENTS

Bills for Transportation Service hereunder shall be subject to adjustment for changes in the cost of Firm purchased gas demand charges 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 Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

SPECIAL TERMS AND CONDITIONS

In the event of curtailment of interruptible transportation service by the Company, the pipeline transporter, or Seller, the Company agrees to supply the contracted quantity of natural gas to the Customer stated in Dths/day pursuant to the terms and conditions of Rate Schedule F-1 and the related gas sales agreement thereto or any amendments thereto. It is the intent that the Customer at all times receives the contracted stated quantity of firm gas supply from interruptible transportation service or from firm natural gas sales purchased from the Company. Service hereunder, however, shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

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 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

RATE SCHEDULE T-2 (Continued)
Interruptible Transportation Service With
Firm Gas Supply Backup

penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

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 the Customer 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 in under the applicable F-1 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:

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

The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from 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 no apply to the cash-out mechanism.

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.

RATE SCHEDULE T-2 (Continued)
Interruptible Transportation Service With
Firm Gas Supply Backup

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.

Customer shall immediately discontinue the use of transportation 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 gas 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. The effectiveness of this tariff sheet will terminate should it be determined by the Tennessee regulatory authority that the limiting provisions contained in paragraph 2 of the availability section of this rate schedule are required to be implemented.

RATE SCHEDULE SF-1

Experimental Semi-Firm Sales Service (SFSS)

AVAILABILITY

This Rate Schedule is a bundled sales service available to those Customers served under Chattanooga Gas Company's Interruptible Rate Schedule I-1, Interruptible Transportation Rate Schedule T-1, and/or Interruptible Transportation with Firm Supply Backup T-2, to assist such Customers with mitigating the volatility of gas costs by providing the option of using storage volumes when such volumes can be made available by the Company with no detriment to the Company's firm ratepayers.

Service under this Rate Schedule will be awarded to winning bidders for November 1 of the current year through March 31 of the following year (Heating Season). Service provided under this Rate Schedule may be interrupted on any given day contingent on the Company's ability to provide service to the Company's firm rate payers.

TITLE to GAS

All Gas dedicated to SFSS annually shall remain the property of the Company. Title to said dedicated Gas shall pass from the Company to the Customer when Gas is delivered to the Customer pursuant to the terms of this Rate Schedule.

AVAILABLE VOLUMES

On August 1 of each year the Company will post the total Deliverability and Reserved Volumes that will be made available to eligible Customers under this Rate Schedule for the upcoming Heating Season. In addition the Company will post acceptable minimum seasonal Deliverability and Reservation Rates that would be acceptable to the Company as well as the commodity rate that will be applied to the total aggregate Reserved Volumes upon delivery. Customers eligible to receive service under SFSS may submit bids to the Company on or before August 20. Bids must include the following: Customer's desired Maximum Daily Deliverability; the dollar value the Customer places on the requested Maximum Daily Deliverability Volume in the form of a monthly unit Maximum Daily Deliverability Rate; Customer's desired total Reserved Volume; and the dollar value the Customer places on the requested Reserved Volume during the Heating Season in the form of a monthly unit Reservation Rate. On or before August 25 the Company will evaluate all bids and award the reserved Daily Deliverability and Reserved Volumes to the bid(s) generating the highest Net Present Value (NPV). However, in no event may a Customer's total Reserved Volume exceed the Customer's average daily usage during the previous twelve months times 30 days nor the Customers Daily Deliverability exceed the Customer's highest demand day during the previous Heating Season. If an I-1 Customer nominates SFSS service for a given day and fails to burn such amount, then such volumes will be carried over to the subsequent day.

If two or more bids generate the same NPV and the requested volumes exceed the total Daily Deliverability or total Reserved Volume available for use under this Rate Schedule, the Daily Deliverability will be allocated to the winning bidders on a pro rata basis. On or before August 31 the winning bidders shall enter into a contract to purchase from the Company the requested and/or allocated Reserved Volume.

DELIVERABILITY

Service provided under this Rate Schedule on a daily basis is limited to the total remaining capacity of the Company after firm requirements are satisfied. In the event of a curtailment SFSS supply must be nominated and will be delivered as long as the Company's firm requirements are satisfied. If on any day, the Company is unable to meet the total SFSS nominations because the demand for Gas to be delivered under this Rate Schedule exceeds the Company's ability to deliver Gas using the Company's existing capacity, nominations will be confirmed based on the highest unit rate bid for the monthly Deliverability Rate. In the event multiple bids are the same the volumes will be reduced prorata. In no event will a Customer's cumulative receipt of Gas under this Rate Schedule exceed the Customer's total Reserved Volume for the Heating Season.

RATE SCHEDULE SF-1(Continued)
Experimental Semi-Firm Sales Service (SFSS)

RATES

These rates are in addition to the rates applicable to the Customer under Rate Schedules I-1, T-1 and or T-2. The following charges shall be billed monthly during the Heating Season:

- (a) Maximum Deliverability Rate - A charge per Dth applied to the Maximum Daily Deliverability that the Customer bid and the Company accepted.
- (b) Reservation Rate - A charge per Dth applied to the Reserved Volume that the Customer bid and the Company accepted.
- (c) Supplier Demand Rate – A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover a proportional share of the fixed costs associated with the storage service(s) provided by the interstate pipeline company(ies') underlying this service. The charge shall be the total annual fixed costs divided by the total daily deliverability from storage divided by 151 days. All revenue collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Demand Cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (d) Supplier Volumetric Rate – A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover the total variable interstate pipeline costs associated with providing this service, including but not limited to the FT volumetric charge, storage injection and withdrawal charges and any and all associated fuel and surcharges. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (e) Commodity Rate – A rate per Dth for Gas delivered under this Rate Schedule during the preceding month. The rate to be applied to the Reservation Volumes will be posted on August 1 of any given year. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (f) Carrying Cost - The monthly cost for retaining the Reserved Volumes contracted by Customer. The amount charged shall be billed monthly for the preceding months remaining reserved volumes multiplied by the Company's pretax authorized rate of return.

Payment for the Maximum Daily Deliverability Charge and the Reservation Charge shall be in five equal monthly payments due on the first of the month beginning November 1. All other charges shall be due upon presentation. Payments received after the due date shall be for an amount which shall be greater by five percent (5%) than the net billing.

NOTIFICATION BY CUSTOMERS

Qualifying Customers that have been approved for SFSS volumes will notify the Company by fax or e-mail by 12:00 Noon prior to the effective Gas Day that they desire to use volumes available under this Rate Schedule. Customers will be notified via e-mail or fax when demand for gas volumes under this Rate Schedule are terminated or allocated due to deliverability limitations pursuant to the availability provisions of this Rate Schedule. Provision of Gas under this Rate Schedule will automatically end when the Customer has utilized the Customer's Reserved Volume for the applicable Heating Season.

RATE SCHEDULE SF-1 (Continued)
Experimental Semi-Firm Sales Service (SFSS)

VOLUME REMAINING AT MARCH 31

If a Customer does not utilize the Customer's total Reserved Volume awarded by the Company, the remaining volume as of April 1 will be transferred to the Company's system inventory.

RATE SCHEDULE T-3
Low Volume Transport

TRANSPORTATION SERVICE AGREEMENT

Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

AVAILABILITY

Available to commercial or industrial Customer consistently using 400 Dths on an annual basis. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule C-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate*</u> November-April	<u>Summer</u> <u>Net Rate*</u> May-October
<u>Customer Base Use Charge</u>	\$75.00	\$75.00
<u>Commodity Charge</u>		
First 3,000 Therms Per Month	16.412¢ Per Therm	12.253¢ Per Therm
Next 2,000 Therms Per Month	16.412¢ Per Therm	12.253¢ Per Therm
Next 10,000 Therms Per Month	14.564¢ Per Therm	8.790¢ Per Therm
Over 15,000 Therms Per Month	6.521¢ Per Therm	6.521¢ Per Therm
<u>Demand Charge</u>		
Rate Unit of Billing Demand	\$7.50 per Dth	\$7.50 per Dth

C

The Purchased Gas Adjustment Demand Component applicable to service under the Rate Schedule C-2, computed in accordance with TRA Administrative Rule 1220-4-7, shall apply to the Rate Schedule T-3 Demand Charge as set out above. Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use 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

ISSUED: NOVEMBER 16, 2009
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

RATE SCHEDULE T-3 (Continued)
Low Volume Transport

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.

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BILLING DEMAND

Existing Premises

For existing premises, the billing demand is calculated based on historical consumption from the prior year using the following methodology:

- (a) The appropriate winter and summer periods are determined based on the Company's billing cycles. Such periods are unique for each Premise, based on its consumption pattern and available data.
- (b) The winter period is based on the billing cycle with the highest average number of heating degree days per day.
- (c) Generally, the summer period includes billing cycles for July and August. If valid data is not available for both months, one month is used. Other non-heat sensitive months may be used if July and August consumption is not representative of baseload (e.g., for gas air conditioning customers).
- (d) The consumption for the summer period is divided by the days in the period to calculate the summer daily baseload.
- (e) The summer daily baseload is multiplied by the days in the winter period to produce a winter baseload.
- (f) The winter baseload is subtracted from the total load in the winter period to isolate the heat sensitive load.
- (g) The heat sensitive load is divided by the heating degree days in the winter period to produce a heat sensitive factor.
- (h) The heat sensitive factor is multiplied by the peak day heating degree days to produce the peak heat sensitive load.
- (i) The peak heat sensitive load is added to the winter baseload to produce the initial billing demand
- (j) The initial billing demand is verified and estimation techniques are employed as necessary where actual data produces unacceptable results.

New Premises

For new Premises, the billing demand is estimated based upon the construction matrix prepared by the Company. The BTU rating of the gas fired equipment and the expected hours of operation on the peak day are used to calculate the Demand Unit. After each new Premises has been receiving service for one year, the Premises is no longer considered a new Premises and the billing demand will be recalculated based upon actual consumption using the billing demand calculation method for existing Premises.

RATE SCHEDULE T-3 (Continued)
Low Volume Transport

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.) the rate of \$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 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.

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 the Customer 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 in under Rate Schedule C-2. 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:

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

RATE SCHEDULE T-3 (Continued)
Low Volume Transport

The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from 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.

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 Public Service 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 V-1
Natural Gas Vehicle Service

AVAILABILITY

Available for all gas service furnished to any gas Customer who uses Natural Gas as an energy source for the propulsion of motor vehicles when the natural gas is delivered by Chattanooga Gas Company (Company) into separately metered facilities which compress the natural gas for such use, who contract in writing for service under this Rate Schedule, and who provide the necessary facilities for the compression of such natural gas for delivery to vehicles.

MONTHLY BASE RATE

Net Rate

Customer Base Use Charge

\$17.50

Commodity Charge

4.560¢ Per Therm

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes, including any amounts due in the form of motor fuel tax imposed by any governmental agency, as amended from time to time, shall be added to the above rates.

MINIMUM BILL

The minimum monthly 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.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustments for changes in the cost of purchased gas in accordance with Purchased Gas Adjustments (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.

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 as well as the contractual provisions contained in the contract for service hereunder.

RATE SCHEDULE SS-1
Special Service

AVAILABILITY

This Rate Schedule is available to any commercial, industrial or transportation service Customer on those occasions when Chattanooga Gas Company (Company) has gas or transportation service that it cannot sell pursuant to its Interruptible Rate Schedule I-1 or Interruptible Transportation Rate Schedule T-1. On such occasions, the gas or transportation sales would be lost to the Company and to its Customers. This Rate Schedule is designed to permit the Company to sell such gas, or transportation service at negotiated rates and for the purpose of enabling the Company to compete with alternate fuels available for use by its Customers.

Service under this Rate Schedule is available to Customers on a temporary basis within the franchised territory of the Company and who are connected to the Company's distribution system and to transportation service Customers who can be served by pipeline supplier transportation arrangements. Service may be provided under this Rate Schedule only in the event that the Company has volumes of gas or transportation service that cannot be sold under other applicable Rate Schedules of the Company because of alternate fuel competition.

MONTHLY RATE

The Customer shall pay the Company for all gas or transportation service provided under this Rate Schedule at a predetermined net rate negotiated prior to providing service.

MINIMUM BILL

The minimum bill shall be the applicable Customer Base Use Charge due under Rate Schedule I-1 or T-1 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.

ALTERNATE FUEL PRICE

In order to qualify for negotiated rates available under this Rate Schedule, the Customer shall furnish the Company with an affidavit setting forth the equivalent alternate fuel price, the quality of the alternate fuel, the quantity of the alternate fuel available at the current alternate fuel price and the period of time for which the current alternate fuel price will be effective.

SPECIAL TERMS AND CONDITIONS

When gas or transportation service is available for delivery under this Rate Schedule, the Company will always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

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

RATE SCHEDULE SS-1 (Continued)
Special Service

SPECIAL TERMS AND CONDITIONS (Continued)

Customer shall immediately discontinue the use of gas or transportation 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 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 gas deliveries in whole or in part under this Rate 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

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.

NOVEMBER 16, 2009

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

ISSUED BY: STEVE LINDSEY, VP

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.

EDGS-1
Economic Development Gas Service

AVAILABILITY

Service under this Schedule is available, in conjunction with other applicable Commercial or Industrial rate schedule, to any qualifying person that meets the eligibility requirements.

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SPECIAL TERMS AND CONDITIONS

To receive service under this Rate Schedule, the customer's written application to the Company shall include sufficient information to permit the Company to determine the customer's eligibility

N

Eligibility Requirements: A qualifying person must intend to become a new customer with the intent to utilize natural gas to provide significant economic development or environmental benefits within the State of Tennessee or in a manner that increases system utilization; be an existing customer that materially expands its use of natural gas, that provides significant environmental or economic development benefits within the State, or that increases system utilization; or be a new or existing customer that meets other criteria as determined appropriate by the Tennessee Regulatory Authority.

N

Significant Economic Benefit: Customers must intend to: create new jobs or avoid potential job reductions in the State; be identified as a prospect by the Tennessee Department of Economic and Community Development or applicable county or municipal economic development entity; or otherwise provide material benefits in the areas' economic development.

N

Significant Environmental Benefit: Customers must intend to: install or modernize equipment that uses energy more efficiently; reduce carbon emissions; achieve goals under a State or Federal Energy Plan or Policy as may be established from time to time; or otherwise intend to provide measureable benefits to improve Tennessee's environment.

N

Qualifying Volumes: To be eligible for service under this rate schedule a new customer must contract to purchase and/or transport at least 1,000 Dth annually. An existing customer must contract to purchase and/or transport of at least 1,000 Dth of additional gas annually. The increase in the volume of gas purchased or transported shall result from an increase in business activity and not merely from the resumption of normal operations following a period of abnormal operating conditions. If in the Company's opinion an abnormal period has occurred as a result of a strike, equipment failure, or any other abnormal condition during the twelve (12) month period prior to the date of the application by the customer for service under this rate schedule, the Company shall adjust the customer's consumption to eliminate any abnormal condition. The Company, through use of historical data shall determine the base annual consumption for existing customers. Volumes in excess of the base annual consumption shall be used to evaluate the eligibility of the customer to receive service under this rate schedule. Loads which are or have been served by the Company during all or part of the twelve (12) month period prior to service under this Rate Schedule, and which are relocated to another metering point within the Company's service area, shall not qualify for this Rate Schedule

N

The existing facilities of the Company must be adequate in the judgment of the Company to supply the new or expanded natural gas requirements. If construction of new or expanded local facilities by the Company is required, the customer may be required to make a Contribution in Aid of Construction for the installed cost of such facilities. The Company will evaluate the customer's request for service and determine the necessity of a Contribution in Aid of Construction for facilities based on the Non-Residential Main and Service Extension provision of the Company's filed tariff.

N

The customer must execute a contract for service under this tariff for a minimum of 5 years.

N

All other terms and conditions of the companion rate schedule under which service would otherwise be provided shall apply to service provided under this rate schedule.

N

EDGS-1
Economic Development Gas Service
(Continued)

The Company shall review the Customer's consumption each year to determine whether the Customer has fulfilled the usage requirement to be eligible for service under this rate schedule. If, on an annual basis, the customer fails to fulfill the usage requirement for service under this tariff future service may be provided under the companion rate schedule that would otherwise apply.

N

CUSTOMER CHARGE

A full monthly customer charge per meter as provided under applicable companion tariff is payable regardless of the usage of gas.

N

MONTHLY RATE

The non-gas charges that would be billed in accordance with the companion rate schedule that would otherwise apply to the qualifying volumes if service was not providing under this rate schedule shall be multiplied by the following Adjustment Factors to determine the monthly bill related to the qualifying volumes. For a new customer the factor will be applied to the charges for the total volume delivered. For an existing customer, the factor will be applied to the charges applicable to the volume in excess of the base annual volumes. For monthly billing purposes, 1/12th of the base annual volume shall be deducted from actual measured consumption to determine the volume eligible for the discounted factor. The factor will not be applied to the monthly customer charge.

N

Contract Year	Billing Months	Adjustment Factor	Discount from Companion Rate Schedule
1	1 st through 12 th	60%	40%
2	13 th through 24 th	70%	30%
3	25 th through 36 th	80%	20%
4	37 th through 48 th	90%	10%
	Beyond the 48 th Month	100%	

N

A new customer may elect to begin service under this rate schedule on the first month service is provided or may elect to delay service under this rate schedule for up to twelve months and purchase service under the companion rate schedule that would otherwise apply until the election is effective.

N

If the volume of gas purchased or transported in a contract year is less than the volume specified in the contract, the difference in the actual volume and the volume specified in the contract shall be deemed a volume deficiency. For any volume deficiency, the customer shall be billed an amount equal to the non gas volumetric charge that would have been billed for the deliver of the volume equal to the deficiency. The bill shall be computed in accordance with the companion rate schedule that would otherwise apply subject to the discount provided under this rate schedule.

N

EDGS-1
Economic Development Gas Service
(Continued)

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.

N

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for the applicable taxes, fees, and 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 to the companion rate schedule under which the customer would otherwise be served. The adjustment factor provided under this rate schedule will not be applied to the PGA and other adjustments factors.

N

RATE SCHEDULE BBS – 1
Budget Billing Service

AVAILABILITY

Available to any Residential or Firm Commercial Customer. The Customer's gas account must be current when joining the Budget Billing plan.

GENERAL TERMS AND CONDITIONS

Customer Notification and Application Forms will be mailed in July of each year.

The used-to-date amount consists of the total to date of the Customer's gas bills that the Customer would have incurred from the beginning of the budget plan had the Customer not been on the Budget Billing plan.

The paid-to-date amount consists of all payments to date by the Customer toward the Budget Billing plan from the beginning of the budget plan.

The budget year begins with the September billing and continues throughout the following August. The monthly budget payment amount is determined from the premise's Annual Base. The Annual Base is an actual or calculated dollar amount of the yearly gas usage for the premise. For new Customers who begin the plan in September, the Annual Base is divided by 11.5 to determine the monthly budget installment amount.

Customers may join the plan at any time during the budget year. Budget installments will be determined from the number of months remaining until the end of the budget year.

The minimum monthly budget installment amount is \$5.00. The plan is renewed automatically each year. The Customer may cancel the Budget Billing Agreement at any time upon making a request to return to Regular Billing status.

If the account is past-due and the used-to-date amount exceeds the paid-to-date amount, the account may be removed from the budget plan at the company's option.

BILLING ADJUSTMENTS

Budget Billing accounts are reviewed four times a year. These reviews occur in November, February, May, and August. The monthly installment amount may change with each review. An account will not be reviewed in November or May if the budget plan has been in effect less than two months.

In November, the monthly installment amount will be recalculated if the used-to-date and the billed-to-date amounts differ by more than one monthly budget bill installment. The recalculated amount will be determined as follows. The amounts from the previous year's December through August bills are added to the November difference between the used-to-date and billed-to-date amounts. The total amount is divided by 8.5. If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in December.

In February, all Budget Billing accounts will be recalculated. The recalculated amount will be determined as follows. The amounts from the previous year's March through August bills are added to the February difference between the used-to-date and billed-to-date amounts. The total amount is divided by 5.5. When the current budget amount is \$50.00 or greater and the difference between the current and the recalculated amount is greater than \$5.00, then the recalculated amount becomes effective in March. When the current budget amount is less than \$50.00 and the difference in the current and recalculated amounts is greater than 10% of the current amount, then the recalculated amount becomes effective in March.

RATE SCHEDULE BBS-1 (Continued)
Budget Billing Service

In May, the monthly installment amount will be adjusted if the used-to-date and the billed-to-date amounts differ by more than two monthly budget bill installments. The recalculated amount will be determined as follows. The amounts from the previous year's June through August bills are added to the May difference between the used-to-date and billed-to-date amounts. The total amount is divided by three (3). If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in June.

When Customers sign up for the Budget Payment Plan, they may choose to have their excess credits (difference), if any, rolled into the budget amount for next year or they may choose to settle the account at the end of the budget year.

Each Customer who elects the refund option will receive a refund if the difference between the used-to-date and billed-to-date amounts at the end of the budget year is a credit of \$25.00 or greater. A credit balance of less than \$25.00 will be refunded at the request of the Customer. If the difference is a debit, the difference will be billed to the Customer in August.

If the Customer elects the rollover option, a difference of \$12.00 or greater (debit or credit) will be rolled into the new budget year calculations. A difference of less than \$12.00 (debit or credit) will be billed as an adjustment to the regular August installment

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.

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.

**PURCHASED GAS ADJUSTMENT PROVISION
PURSUANT TO RULE 1220-4-7 OF
THE TENNESSEE REGULATORY AUTHORITY RULES AND REGULATIONS**

I. GENERAL PROVISIONS

- A. This Purchased Gas Adjustment (PGA) Rider is intended to permit the Company to recover, in a timely fashion, the total cost of gas purchased for delivery to its Customers and to assure that the Company does not over-collect or under-collect Gas Costs from its Customers.
- B. This Rider is intended to apply to all Gas Costs incurred in connection with the purchase, transportation and/or storage of gas purchased for general system supply, including, but not limited to, natural gas purchased from interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of liquefied natural gas (LNG), liquefied petroleum gas (LPG), substitute, supplemental or synthetic natural gas (SNG), and other hydrocarbons used as feed-stock, other distribution companies and end-users, whether or not the Gas Costs are regulated by the Federal Energy Regulatory Authority and whether or not the provider of the gas, transportation or storage is affiliated with the Company.
- C. To the extent practicable, any revision in the PGA shall be filed with the Authority no less than thirty (30) days in advance of the proposed effective date and shall be accompanied by the computations and information required by this Rider. It is recognized, however, that in many instances the Company receives less than 30 days notice from its Suppliers and that other conditions may exist which may prevent the Company from providing 30 days advance notice. Therefore, should circumstances occur where information necessary for the determination of an adjustment under this Rider is not available to the Company so that the thirty (30) days requirement may be met, the Company may, upon good cause shown, be permitted to place such rates into effect with shorter advance notice.
- D. The rates for gas service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the PGA, or any specified portion of the PGA as determined by individual Rate Schedule(s).
- E. No provision of this Rider shall supersede any provision of a Special Contract approved by the Authority.

II. DEFINITIONS

- A. **"Gas Costs"** shall mean the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply.
- B. **"Fixed Gas Costs"** shall mean all Gas Costs based on the Company's right to demand gas or transportation on a daily or seasonal peak; but unless otherwise ordered by the Authority, shall not include other charges paid for gas reserve dedication (e.g., reservation fees and gas inventory charges), minimum bill charges, minimum take charges, over-run charges, emergency gas charges, take-or-pay charges or take-and-pay charges (all of which shall be considered commodity costs).

PURCHASED GAS ADJUSTMENT PROVISION
(Continued)

- C. **"Gas Charge Adjustment"** shall mean the per unit amount billed by the Company to its Customers solely for Gas Costs. The Gas Charge Adjustment shall be separately stated for firm Customers and for non-firm Customers.
- D. **"Suppliers"** shall mean any person or entity, including affiliates of the Company, who locates, purchases, sells, stores and/or transports natural gas or its equivalent for or on behalf of the Company. Suppliers may include, but not be limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of LNG, LPG, SNG, and other hydrocarbons used as feed-stock, other distribution companies and end-users.
- E. **"Computation Period"** shall mean the twelve (12) month period utilized to compute Gas Costs. Such period shall be the twelve (12) month period ending on the last day of a month which is no more than 62 days prior to the filing date of a PGA.
- F. **"Demand Billing Determinants"** shall mean the annualized volumes for which the Company has contracted with Suppliers as of the first day of the Filing Month.
- G. **"Commodity Billing Determinants"** shall mean the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. Should the Company expect to purchase commodity gas from several Suppliers, the Company shall allocate to each supplier a percentage of the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. The percentage used to allocate among Suppliers shall be based on historical takes during the Computation Period, if appropriate; otherwise it shall be based upon the best estimate of the Company.
- H. **"Filing Month"** shall mean the month in which a proposed revision is to become effective.

III. COMPUTATION AND APPLICATION OF THE PGA

The PGA shall consist of three major components: (1) the Gas Charge Adjustment; (2) the Refund Adjustment; and (3) the Actual Cost Adjustment (ACA).

A. Computation of Gas Charge Adjustment.

The Company shall compute the jurisdictional Gas Charge Adjustment at such time that the Company determines that there is a significant change in its Gas Costs.

1. **Formulas.** The following formulas shall be used to compute the Gas Charge

$$\text{Firm GCA} = \left[\left(\frac{D+DACA}{SF} \right) - DB \right] + \left[\left(\frac{P+T+SR+CACA}{ST} \right) - CB \right]$$

$$\text{Non -FirmGCA} = \left(\frac{P+T+SR+CACA}{ST} \right) - CB$$

**PURCHASED GAS ADJUSTMENT PROVISION
(Continued)**

2. Definitions of Formula Components.

GCA	=	The Gas Charge Adjustment in dollars per CCF/Therm, rounded to no more than five decimal places.
D	=	The sum of all fixed Gas Costs.
DACA	=	The demand portion of the ACA.
P	=	The sum of all commodity/gas charges.
T	=	The sum of all transportation charges.
SR	=	The sum of all FERC approved surcharges.
CACA	=	The commodity portion of the ACA.
DB	=	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves).
CB	=	The per unit rate of variable Gas Costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves).
SF	=	Firm sales.
ST	=	Total sales.

3. Determination of Factors for Gas Charge Adjustment.

a. Demand Charges (Factor D)

All fixed Gas Costs that do not vary with the amount of gas purchased or transported, including, but not limited to, the product resulting from the multiplication of (1) the respective Demand Billing Determinants by (2) the demand rates effective the first day of the Filing Month and (3) any fixed storage charges.

b. Demand Actual Cost Adjustment (Factor DACA)

See Subsection C of Section III.

**PURCHASED GAS ADJUSTMENT PROVISION
(Continued)**

- c. **Purchased Commodity Charges (Factor P)**
All commodity or other variable gas costs associated with the amount of gas purchased or transported including, but not limited to, the product resulting from the multiplication of (1) the respective Commodity Billing Determinants by (2) the respective supplier's commodity/gas rate which are known, or if not known which are reasonably anticipated, to be in effect on the first day of the Filing Month.
 - d. **Transportation Charge (Factor T)**
The transportation charges actually invoiced to the Company during the Computation Period or expected to be invoiced to the Company during the current period.
 - e. **FERC Approved Surcharges (Factor SR)**
The sum of all FERC approved surcharges, including gas inventory charges or its equivalent, actually invoiced or expected to be invoiced to the Company during the Computation Period or to be effective the first day of the Filing Month by respective Suppliers.
 - f. **Annual Cost Adjustment (Factor ACA)**
See Subsection C of Section III.
 - g. **Firm Sales (Factor SF)**
Total volumes billed to the Company's firm Customers during the Computation Period, regardless of source, adjusted for known and measurable changes.
 - h. **Total Sales (Factor ST)**
Total volumes billed to all the Company's Customers during the Computation Period, regardless of source, adjusted for known measurable changes.
4. **Modification of Formulas.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time-to-time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

PURCHASED GAS ADJUSTMENT PROVISION

(Continued)

5. Filing with the Authority.

The computation of the Gas Charge Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I of this Rider, and shall remain in effect until a revised Gas Charge Adjustment is computed and filed pursuant to this Rider.

The Company shall file with the Authority a transmittal letter, an exhibit showing the computation of the Gas Charge Adjustment, a PGA tariff sheet, and any applicable revised tariff sheets issued by Suppliers.

The transmittal letter shall state the PGA tariff sheet number, the service area(s), the primary reasons for revision, and the effective date.

If the Company proposes to recover any Gas Costs relating to (1) any payments to an affiliate or (2) any payments to a non-affiliate for emergency gas, over-run charges, take-or-pay charges, and take-and-pay charges (except as provided below) or (3) the payment of any demand or fixed charges in connection with an increase in contract demand, the Company must file with the Authority a statement setting forth the reasons why such charges were incurred and sufficient information to permit the Authority to determine if such payments were prudently made under the conditions which existed at the time the purchase decisions were made.

Any filing of a rate change under this Rider shall be effective on the proposed effective date unless the Authority shall act to suspend the proposed change within thirty days after the filing, in which case the filing shall be subject to notice and hearing.

The recovery of pipeline take-or-pay charges which were the subject of Docket No. U-87-7590 shall continue to be handled under procedures approved by this Authority in that docket until such time as such procedures may be modified or amended by further order of the Authority.

B. Refund Adjustment.

The Refund Adjustment shall be separately stated for firm and non-firm Customers, and may be either positive or negative.

1. Computation of Refund Adjustment

The Company shall compute a Refund Adjustment on the last day of each calendar quarter using the following formulas:

$$Firm\ RA = \left(\frac{DR1-DR2}{SFR} \right) + \left(\frac{CR1-CR2 \pm CR3 \pm i \pm u}{STR} \right) - CB \quad]$$

$$Non-FirmRA = \left(\frac{CR1-CR2 \pm CR3 \pm i \pm u}{STR} \right)$$

PURCHASED GAS ADJUSTMENT PROVISION
(Continued)

2. Definitions of Formula Components.

RA	=	The Refund Adjustment in dollars per CCF/therm, rounded to no more than five decimal places
DRI	=	Demand refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
DR2	=	A demand surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR1	=	Commodity refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
CR2	=	A commodity surcharge from a supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR3	=	The residual balance of an expired Refund Adjustment.
i	=	Interest on the "Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate equal to the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter.
SFR	=	Firm sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.
STR	=	Total sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.
u	=	The actual gas cost portion of uncollectible accounts..

3. Modification of Formula.

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

PURCHASED GAS ADJUSTMENT PROVISION
(Continued)

4. Filing with the Authority.

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount.

The Company shall file with the Authority a transmittal letter, exhibits showing the computation of the Refund Adjustment and interest calculations, and a PGA tariff sheet. The transmittal letter shall state the PGA tariff sheet number, the service area(s), the reason for adjustment, and the effective date. Should the Company have a Gas Charge Adjustment filing to become effective the same date as a Refund Adjustment, a separate transmittal letter and PGA tariff sheet shall not be necessary.

C. Actual Cost Adjustment.

Commencing with the initial effective date of this Rider, the Company shall calculate the ACA monthly. The Company may, at its option, file monthly to include the ACA in its calculation of the Gas Charge Adjustment but shall be required to do so at least annually. The ACA shall be the difference between (1) revenues billed Customers by means of the Gas Charge Adjustment and (2) the cost of gas invoiced the Company by Suppliers plus margin loss (if allowed by order of the Authority in another docket) as reflected in the Deferred Gas Cost account. The balance of said account shall be adjusted for interest at the rate provided for the calculation of interest with respect to the Refund Adjustment. The ACA shall be segregated into demand and commodity, and shall be added to or deducted from, as appropriate, the respective demand and commodity costs included in the Gas Charge Adjustment. Supplemental sheets showing the calculations of margin losses and cost savings shall also be provided.

D. Adjustments to Prior Period ACAs.

In the event that circumstances warrant a correction to or restatement of a prior period ACA, such correction or restatement shall be made in accordance with the ACA calculation in effect for the time period(s) to which the correction or restatement relates. The resulting adjustment shall then be added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Authority.

E. Annual Filing with the Authority.

Each year, the Company shall file with the Authority an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the Authority provides written notification to the Company within 180 days, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of this Rider.

IV. GAS COST ACCOUNTING

To appropriately match revenues with cost of purchased gas as contemplated under this rule, the Company shall originally record the cost of purchased gas in a "Deferred Gas Cost" account. Monthly the Company shall debit "Natural Gas Purchases" with an amount equal to any gas cost component included in the Company's base tariff rates (base rate) plus the PGA rate, as calculated hereunder, multiplied by the appropriate sales volumes billed to Customers. The corresponding monthly credit entry shall be made to the "Deferred Gas Cost" account.

CURRENT LEVEL OF APPLICABLE TAXES

APPLICABILITY

This Schedule shall be applicable to all Rate Schedules and to each Customer rendered gas service hereunder except for those Customers qualifying for specific exemption. A copy of the appropriate State approved exemption certificate form shall be filed with the Company in order to qualify for exemption.

BILLING

The taxes due under this Schedule shall be included in the monthly bill for service rendered and shall be considered as an integral part of the total monthly bill due.

APPLICABLE TAXES

CITY OF CLEVELAND FRANCHISE TAX

This Tax shall be billed at the rate of 5% on the Cleveland Division Customers subject to the Tax.

STATE OF TENNESSEE SALES TAX

This Tax shall be billed as follows:

Residential - Tax Exempt Effective July 1, 1985

Multi-Family Housing Service - Billed at rate of 7%.

Commercial and Industrial - Billed at rate of 7% unless Customer qualifies for special 1 1/2% rate or total exemption.

SCHEDULE FOR LIMITING AND CURTAILING GAS SERVICE

SUPPLY OR CAPACITY RELATED CURTAILMENTS

In situations when supply and capacity services contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales services from the Company, the Company will first curtail service to interruptible sales and transportation Customers by priority of their margin contribution to the Company. Customers receiving discounted sales or transportation service will also be curtailed according to the discounted rates. In the event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee.

The Company will curtail interruptible 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 and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a prices that is below current costs.

EMERGENCY SERVICE

The Company will make every reasonable effort to deliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production. All emergency gas service is of a discretionary nature and implies no present or future obligation of the Company to any Customer to provide such service on either a temporary or continuing basis. Deliveries of gas hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

ECONOMIC CURTAILMENT

Service to interruptible sales service Customers may be curtailed in the event that continuing such service could adversely affect the Customers being served under the Firm Sales Service Rate Schedules as the result of the interruptible PGA being below current costs.

LIMITING FIRM GAS SERVICE

Large commercial and industrial firm gas service entitlements shall at all times be limited by contract as to annual, monthly, and daily volumes. Contract amounts as to annual, monthly, and daily volumes are subject to change by Company as supply conditions or Customer consumption patterns warrant. Any quantity of gas exceeding specified contract amounts taken by Customer without Company's advance written approval will be subject to unauthorized over-run penalty as prescribed below.

SCHEDULE FOR LIMITING AND CURTAILING GAS SERVICE

(Continued)

UNAUTHORIZED OVER-RUN PENALTY

If at any time a Customer exceeds specified contract entitlements or if, during any Curtailment Period, any Affected Customer takes, without Company's advance written approval, a volume of natural gas in excess of the Curtailment Period Quantity Entitlement applicable to such Customer, said volume shall constitute unauthorized over-run volume. Such unauthorized over-run volume taken by such Customer, 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 Scheduler. The payment of a penalty for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run; nor shall such payment be considered as a substitute for any other remedies available to Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Schedule. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

CURRENT LEVEL OF PURCHASED GAS ADJUSTMENT (IN DOLLARS PER Dth)

Effective Date	<u>F-1/c-2/t- 3 Demand</u>	<u>F-1/c-2 Commodity</u>	<u>* I-1 Commodity</u>	<u>T-2 Demand</u>	<u>V-1 Commodity</u>	<u>All Other Commodity</u>
BASE PGA RATES Per Dth 10/01/2004 <u>a/</u>	6.7896	7.0971	7.6894	6.7896	7.3203	8.5386
Adjustment Effective:						
12/1/2004	0.0000	1.4690	1.1988	0.0000	1.4690	1.4350
1/1/2005	(0.0058)	(1.3528)	(1.3013)	(0.0058)	(1.3530)	(1.3516)
3/1/2005	0.0000	(0.5682)	(0.6518)	0.0000	(0.5682)	(0.5543)
9/1/2005	0.2368	1.7938	1.9138	0.2368	1.8016	1.9032
10/1/2005	0.0000	2.8747	3.0898	0.0000	2.8747	2.8600
10/3/2005	0.0000	1.9204	1.9502	0.0000	1.9204	1.9216
12/1/2005	0.0000	(2.0825)	(2.1868)	0.0000	(2.0825)	(2.0783)
1/1/2006	0.0000	1.1241	1.4727	0.0000	1.1241	1.1256
2/1/2006	0.0000	(1.5661)	(2.4540)	0.0000	(1.5661)	(1.5824)
4/1/2006	0.0000	(1.1357)	(1.5481)	0.0000	(1.1357)	(1.1637)
6/1/2006	0.0000	1.4110	1.2229	0.0000	1.4110	1.4086
7/1/2006	0.0000	(1.4269)	(1.2432)	0.0000	(1.4269)	(1.4220)
11/1/2006	0.0000	(1.6103)	(1.5551)	0.0000	(1.6103)	(1.5437)
4/1/2007	0.0000	.06853	1.6145	0.0000	.06853	0.6188
10/1/2007	0.1162	(0.3074)	(1.4690)	0.1162	(0.3036)	(0.6049)
12/1/2007	0.0000	.04838	0.06486	0.0000	.04838	0.4997
4/1/2008	(0.1365)	0.9170	1.7378	(0.1365)	0.9125	0.9503
6/1/2008	0.0000	1.8668	1.5095	0.0000	1.8668	1.8795
8/1/2008	0.0000	1.3797	1.6879	0.0000	1.3797	1.3595
9/1/2008	0.0000	(2.9690)	(3.1094)	0.0000	(2.9690)	(2.9635)
12/1/2008	(0.0354)	(0.9981)	(2.5353)	(0.0354)	(0.9992)	(1.0664)
2/1/2009	0.0000	(0.5319)	(1.1506)	0.0000	(0.5319)	(0.5285)
3/1/2009	0.0000	(0.5889)	(0.9506)	0.0000	(0.5889)	(0.6039)
5/1/2009	0.0000	(1.2624)	(0.3457)	0.0000	(1.2624)	(1.3011)
10/1/2009	0.9459	(1.9513)	0.4259	0.9459	(1.9202)	(1.7545)
Current PGA Rate	7.9108	4.6712	5.6609	7.9108	4.9313	5.9816

a/ PGA effective June 1, 2004.

*The I-1 commodity rate shall also be applicable to the air conditioning rate for rate schedules R-1, R-4 AND C-1.

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO.1

EIGHTY SIXTH SHEET NO 55

CURRENT LEVE OF SURCHARGES AND REFUNDING CREDITS

AMOUNT INDICATED BELOW APPLY TO THE BILLING DETERMINANTS
OF EACH INDIVIDUAL TARIFF

	F-1	F-1	I-1	T-2	T-3	R-1	R-4	C-1	C-2	C-2	A/C	V-1
RATES	Commercial and Industrial Large Volume Firm Sales Service Demand	Commercial and Industrial Large Volume Firm Sales Service Commodity	Commercial and Industrial Interruptible Sales Service Commodity	Interruptible Transportation Service with Firm Gas Supply Backup Demand	Low Volume Transport Demand	Residential	Multi- Family	Small Commercial and Industrial Commodity	Medium Commercial and Industrial Demand	Medium Commercial and Industrial Commodity	Residential and Commercial Air Conditioning	Natural Gas Vehicle Service
Billing Units	DT	DT	DT	DT	DT	Therm	Therm	Therm	DT	Therm	Therm	Therm
IMCR Refund 7/1/2009*	(2.4877)	0.0000	0.0000	(2.4877)	(2.4877)	(0.0617)	(0.0617)	(0.0617)	(2.4877)	0.0000	0.0000	0.000
ACA 01-08**	1.7870	(0.0567)	(0.0567)	1.7870	1.7870	(0.0195)	(0.0195)	(0.0195)	1.7870	(0.0659)	(0.0659)	0.000
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	(0.7007)	(0.0567)	(0.0567)	(0.7007)	(0.7007)	(0.0812)	(0.0812)	(0.0812)	(0.7007)	(0.0659)	(0.0659)	0.0000
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

*IMCR refund made effective July 1, 2008 terminated Effective June 30, 2009

** Effective October 1, 2009. ACA 12-08 Effective December 1, 2008 terminated September 30, 2009.

ISSUED: AUGUST 28, 2009
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: OCTOBER 1, 2009

PERFORMANCE-BASED RATEMAKING

APPLICABILITY

This Performance-Based Ratemaking Mechanism (PBRM) is designed to encourage the utility to maximize its gas purchasing activities at minimum cost consistent with efficient operations and service reliability. Each plan year will begin July 1. The annual provision and filings herein will apply to this annual period. The PBRM will continue until it is either (a) terminated at the end of a plan year or by not less than 90 days notice by the Company to the Authority or (b) modified, amended or terminated by the Authority.

OVERVIEW OF STRUCTURE

The Performance-Based Ratemaking Mechanism establishes predefined monthly benchmark indexes to which the Company's commodity cost is compared.

BENCHMARK INDEX

Each month, Chattanooga Gas Company (Company / Chattanooga) will compare its actual commodity cost of gas to the appropriate benchmark amount. The benchmark gas cost will be computed by multiplying actual purchase quantities for the month, including quantities purchased for injection into storage, by the appropriate benchmark price index.

Spot Market Purchases:

The monthly spot market benchmark is the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines," denoted in the column labeled "Index" and the row for the applicable "Pricing Point."

Swing Purchases

For swing purchases, the benchmark "Index" price for gas delivered on any day upon which *Gas Daily* is published, is equal to the Gas Daily-Midpoint price for the immediately following day under the heading "Daily Price Survey." For gas delivered on Saturday, Sunday, or any other day upon which *Gas Daily* is not published, the price index is equal to the Daily-Midpoint for the nearest subsequent day published by *Gas Daily*.

Long-term purchases

For long term purchases, i.e., a term more than one month, the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines" denoted in the column labeled "Index" and the row for the applicable "Pricing Point" will be adjusted for the Company's rolling three-year average premium paid to ensure long-term supply availability during peak periods.

City Gate Purchases

For city gate purchases where gas is delivered by the supplier to the local distribution company, the indexes will be adjusted for the avoided transportation costs that would have been paid if the upstream capacity were purchased versus the demand charges actually paid to the supplier.

PERFORMANCE-BASED RATEMAKING
(Continued)

PRUDENCE DETERMINATION

If Chattanooga's total commodity gas cost for the plan year does not exceed the total benchmark amount by one percentage point (1%) for a plan year ending after June 30, 2000, Chattanooga's gas cost will be deemed prudent and the audit required by Tennessee Regulatory Authority's Administrative Rule 1220-4-7-. 05 is waived. If during any month of the plan year, the Company's commodity gas cost exceeds the benchmark amount by greater than two percentage points (2%), the Company shall file a report with the Authority fully explaining why the cost exceeded the benchmark.

FILING WITH THE AUTHORITY

The Company will file an annual report not later than 60 days following the end of each plan year identifying the actual cost of gas purchased and the applicable index for each month of the plan year.

Unless the Authority provides written notification to the Company within 180 days of such reports, the annual filing shall be deemed in compliance with the provisions of this Service Schedule.

PERIODIC INDEX REVISIONS

Because of changes in the natural gas marketplace, the price indices used by Chattanooga and the composition of Chattanooga's purchased gas portfolio may change. The Company shall, within 30 days of identifying a change to a significant component of the mechanism, provide notice of such change to the Authority. Unless the Authority provides written notice to Chattanooga within 30 days of the Company's notice to the Authority, the price indices shall be deemed approved as proposed by the Company.

AFFILIATE TRANSACTION GUIDELINES

Terms used in these affiliate transaction guidelines have the following meanings:

1. Affiliate, when used in reference to any person in this standard, means another entity who controls, is controlled by, or is under common control with, the first entity.
2. Control (including the terms "controlling", "controlled by", and "under common control with") as used in the affiliate transaction guidelines, includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of an entity. Under all circumstances, beneficial ownership of more than ten percent (10%) of voting securities or partnership interest of an entity shall be deemed to confer control for purposes of these affiliate transaction guidelines.
3. Gas supplier is any person who sells or otherwise provides gas to the Company. It does not include customers who transport their gas and as a result of an imbalance in the amount consumed and the amount delivered to the city gate sell gas to the Company in compliance with the Company's approved tariff provisions.

PERFORMANCE-BASED RATEMAKING
(Continued)

Standards of Conduct

The Company must conduct its business to conform to the following standards:

1. All purchases from an affiliated gas supplier of gas for system supply or storage shall be at the price and in accordance with the terms provided in a fully executed contract between the Company and the affiliated gas supplier.
2. The Company and the affiliated gas supplier shall maintain records to show that such purchases are not at a price greater than the market price at the time of the transaction.
3. All sales of gas by the Company to an affiliated gas supplier shall be in accordance with the provisions of the Company's approved tariff or at the price and in accordance with the terms provided in a fully executed contract between the Company and the affiliated gas supplier. Any sale of gas to an affiliate not in accordance with an approved tariff provision shall be at a price that is not less than the greater of the cost as recorded on the Company's books or the market price at the time of the transaction.
4. The Company shall maintain records to show that sales to an affiliated supplier are in accordance with the applicable tariff provision or, if not provided under an approved tariff provision, the price is not less than the greater of the cost as recorded on the Company's books or market price at the time of the transaction.
5. An affiliated gas supplier shall not make sales to any customer's premise that is connected to the Company's distribution facilities.
6. The Company shall not disclose to any affiliated gas supplier any information that the Company receives from a non-affiliated gas supplier that the non-affiliated gas supplier has identified as confidential unless the prior consent of the parties to which the information relates has been voluntarily given.
7. To the maximum extent practicable, the Company's operating employees and the operating employees of an affiliated gas supplier must function independently of each other.
8. The Company must maintain its books of accounts and records separately from those of an affiliated gas supplier.
9. The Company shall maintain sufficiently detailed records of all transactions with any affiliated gas supplier.

RFP PROCEDURES FOR SELECTION OF ASSET MANAGER AND/OR GAS PROVIDER

1. In each instance in which Chattanooga Gas Company (Company) intends to engage the services of an asset manager to provide system gas supply requirements and/or manage its assets regulated by the Tennessee Regulatory Authority (TRA), the Company shall develop a written request for proposal (RFP) defining the Company's assets to be managed and detailing the Company's minimum service requirements. The RFP shall also describe the content requirements of the bid proposals and shall include procedures for submission and evaluation of the bid proposals.
2. The RFP shall be advertised for a minimum period of thirty (30) days through a systematic notification process that includes, at a minimum, contacting potential asset managers, including past bidders and other approved asset managers, and publication in trade journals as reasonably available. This thirty (30)-day minimum period may be shortened with the written consent of the TRA Staff to a period of not less than fifteen (15) days.
3. The procedures for submission of bid proposals shall require all initial and follow-up bid proposals to be submitted in writing on or before a designated proposal deadline. The Company shall not accept initial or follow-up bid proposals that are not written, or that are submitted after the designated proposal deadline.

PERFORMANCE-BASED RATEMAKING
(Continued)

Following receipt of initial bid proposals, and on a non-discriminatory basis, the Company may solicit follow-up bid proposals from those submitting initial bid proposals in an effort to obtain the most overall value for the transaction.

4. All initial and follow-up bid proposals shall be evaluated as they are received. The criteria for choosing the winning bid proposal shall include, at a minimum, the following: (a) the total value of the bid proposal; (b) the bidder's ability to perform the RFP requirements; (c) the bidder's asset management qualifications and experience; and (d) the bidder's financial stability and strength. The winning bid proposal shall be the one with the best combination of attributes based on the evaluation criteria. If, however, the winning bid proposal is lower in amount than any other initial or follow-up bid proposal(s), the Company shall explain in writing to the TRA why it rejected each higher bid proposal in favor of the lower winning bid proposal. The Company shall maintain records demonstrating its compliance with the evaluation and selection procedures.
5. An incumbent asset manager shall not be granted an automatic right to match a winning bid proposal. If the incumbent asset manager desires to continue its asset management relationship with the Company after expiration of its asset management agreement, it shall submit a written bid proposal in accordance with the Company's RFP procedures. The bid proposal shall be evaluated pursuant to the procedures set forth in paragraph 4 above.
6. The Company may develop additional procedures for asset management selection as it deems necessary and appropriate so long as such procedures are consistent with the agreed-upon procedures described herein.
7. The Company shall retain all RFP documents and records for at least four (4) years and such documents and records shall be subject to the review and examination of the TRA Staff. The Asset Manager shall maintain documents and records of all transaction that utilize the Company's gas supply assets. All documents and records of such transactions shall be retained for two years after termination of the agreement and shall be subject to review and examination by the Company and the TRA Staff.

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
- C-2: Commercial and Industrial Medium General Service
- T-3: Commercial and Industrial Low Volume Transport.

N

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.

N

DEFINITIONS

For Purpose of this Rider:

N

"**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.

N

"**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.

N

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

N

"**Calculation Period**" shall be the twelve consecutive months from May 1 of one calendar year through April 30 of the following calendar year.

N

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

N

"**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:

N

- 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, C-2 and T-3.

N

ALIGNMENT AND USAGE ADJUSTMENT
(AUA) RIDER
(Continued)

"Recovery Period" shall mean the twelve month period beginning on the July 1st of one calendar year immediately following the conclusion of the Annual Period through June 30th 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>	Residential <u>(R-1)</u>	Commercial <u>(C-1, C-2, T-3)</u>
May	\$14.79	\$94.21
June	13.18	87.60
July	12.91	82.90
August	13.01	81.74
September	12.89	81.50
October	14.21	83.45
November	27.05	111.84
December	34.79	150.31
January	40.53	185.91
February	38.98	183.43
March	33.75	160.16
April	<u>27.29</u>	<u>131.60</u>
Total	\$283.38	\$1,434.65

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.

N

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

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

N

Where

AUA_{cg}	=	The Revenue Decoupling Adjustment for the Customer Class Group.	N
ARPC	=	The Actual Base Revenue Per Customer for the applicable Customer Class Group and month for the most recently completed Calculation Period.	N
BRPC	=	The Benchmark Base Revenue Per Customer for the applicable Customer Class Group and month.	N
j	=	The total number of Rate Schedules included in the Customer Class Group.	N
ACUSTS	=	The Actual number of customers for the applicable Customer Class Group and month for the most recently completed Calculation Period.	N
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.	N
RA	=	Reconciliation Adjustment for prior period over or under-recovery of the AUA for the applicable Customer Class Group.	N
TVOL	=	Forecast throughput Volumes inclusive of all firm sales and firm transportation throughput for the applicable Customer Class Group.	N

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

ORIGINAL SHEET NO.57 C

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 including 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 included in the AUA for the subsequent Recovery Period.

N

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.

N

ISSUED: NOVEMBER 16, 2009
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: EFFECTIVE DECEMBER 16, 2009

energySMART Program Recovery Adjustment

(ESPRA) RIDER

PROVISION FOR ADJUSTMENT

This energySMART Program Adjustment is intended to permit the Company to recover in a timely manner the total costs of cost effective programs that provide opportunities or otherwise help customers use energy more efficiently. The base rate per CCF/therm (100,000 Btu) for gas service set forth in any rate schedules utilized by the Authority to participate in the energySMART programs shall be adjusted by an amount hereinafter described, which amount is referred to as the "energySmart Program Recovery Adjustment."

N

DEFINITIONS

For Purpose of this Rider:

N

"Authority" means the Tennessee Regulatory Authority.

N

"Relevant Rate Order" means the final order of the Authority in the most recent 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

"Programs" shall mean energy conservation activities, measures and incentives for which the Company has submitted an analysis on the Programs prospective costs and benefits.

N

"Program Costs" shall mean all expenses related to programs provided by Company under the energySmart programs that have had a cost benefit analysis submitted by the Company.

N

"Program Year" shall mean the twelve (12) month period utilized to compute Program Costs. Such period shall be the twelve (12) month period ending March 31 each year.

N

"Commodity Billing Determinants" shall mean the total metered throughput, regardless of source, during the twelve (12) prior to the Program Year, adjusted for known and measurable changes.

N

energySMART Program Recovery Adjustment

(ESPRA) RIDER
(Continued)

COMPUTATION OF energySMART PROGRAM RECOVERY ADJUSTMENT

The energySMART Adjustment shall be computed to the nearest one-hundredth cent per CCF/therm by the following formula:

N

$$ESPRA_i = \frac{PC_i + APC_i - APR_i}{CBD_i}$$

Where

i	=	any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification	N
ESPRA _i	=	energySMART Program Recovery Adjustment Factor for the i th Rate Schedule or classification expressed in cents per CCF/therm	N
PC _i	=	Estimated energySmart Program Costs for the projected program year for the i th Rate Schedule or classification.	N
APC _i	=	Prior Program Year actual energySmart Program Costs for most recently completed program year the i th Rate Schedule or classification.	N
APR _i	=	Prior Program Year actual energySmart Program recoveries during the most recently completed program year for the i th Rate Schedule or classification.	N
CBD _i	=	Estimated Program Year Commodity Billing Determinants for the i th Rate Schedule or classification for the projected program year.	N

FILING WITH THE AUTHORITY

Annually the Company will file with the Authority a copy of the computation of the ESPRA factors to be applicable to each Rate Schedule for the following twelve months. Such filing shall include the Estimated energySmart Program Costs to be incurred during the following twelve months, the Actual Prior Program Year energySmart Costs incurred during the twelve months ended March 31, the Prior Program Year actual energySmart Program recoveries during the twelve months ended March 31, and a cost benefit analysis for all new energySmart programs the Company proposes to offer during the prospective Program Year. Such filings shall be made on or before June 1 of each year. The new ESPRA factors shall be effective thirty days after filing unless suspended by the Authority and shall remain effective for 12 months unless otherwise terminated.

N

CHATTANOOGA GAS COMPANY

2207 OLAN MILLS DRIVE

CHATTANOOGA, TENNESSEE 37421

TRA NO. 2

RULES AND REGULATIONS FOR THE COMPANY'S GAS SERVICE

**IN
HAMILTON AND BRADLEY COUNTIES,
TENNESSEECHATTANOOGA GAS COMPANY**

EFFECTIVE DATE: JANUARY 1, 2007



Chattanooga Gas

APPLICABILITY

These rules and regulations are applicable to Customers served by the Chattanooga Gas Company (Company) within the Certificated areas in Bradley and Hamilton Counties.

DEFINITIONS

As herein used:

"Applicant"	means any person who has made application to Company for gas service.
Authority	means the Tennessee Regulatory Authority
BTU	means British Thermal Unit measured at a pressure of 14.73 PSIA at 60 degrees Fahrenheit on a dry basis.
Business Day	means any day from Monday through Friday inclusive, excluding any holiday observed by the Company.
Citygate	means a point at which the facilities of an interstate pipeline company interconnect with the facilities of the Company.
Commercial Service	applies to Customers engaged in selling, warehousing, or distributing a commodity, in some business activity or in a profession, or in some other form of economic or social activity (office, stores, clubs, hotels, etc.), and to service which does not directly come in one of the other classifications of service
Company	means Chattanooga Gas Company.
Consumer or Customer	means an individual, firm, or organization who purchases service at one or location under one rate classification contract.
Dekatherm (Dt or Dth)	means 10 Therms or one million Btus (1MMBtus).
Distribution Service	means the delivery of Natural Gas by and through the Intrastate facilities of the Company, regardless of the identity of the party who has title to the Natural Gas.
Distribution System	means the gas pipes owned and operated by the Company for the distribution of gas for delivery to Customers up to but not beyond the point of delivery.
Firm Customer	means a Customer who purchases a Gas Service on a Firm basis.
Firm Service	means a type of Gas Service that ordinarily is not subject to interruption or curtailment.

DEFINITIONS (Continued)

Gas or Natural Gas	means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases in a gaseous state, consisting predominantly of methane
Gas Day	means the period of 24 consecutive hours beginning at 10:00 a.m., Standard time.
Gas Service	means any service offered in connection with the delivery or sale of Gas
Imbalance	mean the difference at any time, whether positive or negative, between the volumes of Gas received into a Pool by or on behalf of a Customer and the volumes of Gas delivered by the Company on behalf of such Customer
Industrial Service	applies to Customers engaged in a process which creates or changes raw or unfinished materials into another form or product.(Factories, mills, machine shop, mines, oil wells, refineries, pumping plants, creameries, canning or packing plants, shipyards, etc., i.e., in extractive, fabricating or processing activities.)
Interruptible Customer	means a Customer who purchases a Gas Service on an Interruptible basis.
Interruptible Schedule	means each of the Company's Rate Schedules or contracts under which Gas Service is provided on an Interruptible basis.
Interruptible	means a type of Gas Service that is subject to interruption or curtailment
LNG	means Liquefied Natural Gas
Main	means the gas pipe other than Service Line
Month	means the period beginning on the first Day of a calendar month and ending on the beginning of the first Day of the next succeeding calendar month
Person	means any corporation, whether public or private; company; individual; firm; partnership; or association
PGA Rider	means the Company's Purchased Gas Adjustment Rider
PSIA	means pounds per square inch absolute
Residence	means a parcel or tract of land upon which a residence, building, structure, or other facility containing a particular set of gas-consuming appliances is located
Residential Service	applies to Customers supplied for residential purposes on an individual basis in a single family dwelling or building, or in an individual flat or apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons.
SNG or Southern	means Southern Natural Gas Company
Tariff	means all Rate Schedules, Terms of Service, and Rules and Regulations approved by the Authority relative to Gas Service provided by the Company.
Tennessee Pipeline	means Tennessee Gas Pipeline Company
Therm	means 100,000 Btus

DEFINITIONS (Continued)

Point of Delivery	means the outgoing side of the meter(s) or regulator(s) installed and maintained by the Company for the purpose of measuring gas delivered to Customer.
Service	means gas service.
Special Contract	means a contract for Service on forms furnished by the Company.
Service Stub	means gas pipe laid from main to Customer's property line.
Service Line	means the gas pipe laid from Customer's line to Point of Delivery.

APPLICATION FOR SERVICE

Service will be rendered by the Company upon application by the Customer for service and the acceptance thereof by the Company.

Company will make extensions of its distribution system pursuant to the provisions hereinafter set forth.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. Definitions

- (1) Approach Main - main constructed outside the property boundaries of the development or premises of the Applicant for which gas service is requested.
- (2) Project Main - main constructed within the property boundaries of the development or premises of the Applicant for which gas service is requested.
- (3) Gas Consumption Bulletin - a bulletin showing the estimated annual consumption of various gas appliances by residential Customers as determined from time to time by the Company.
- (4) Infill Potential - the estimated additional gas loads that will be served from the Approach Main at locations outside the development or premises for which gas service is requested.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- (5) Revenues - Revenues shall be computed for the estimated annual consumption at the current rates excluding gas cost, other rider and tracker revenues, and any taxes added to the Customer's bill.

B. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the curb or right-of-way line of a public street, highway, road or alley upon which the residential structure to be served faces and abuts at no cost to the Applicant. Additional facilities will be provided pursuant to the following provisions.

C. Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the investment.
- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of the investment as determined from time to time by the Company. These costs will be discounted at the cost of capital.
- c. The required investment in metering and regulating equipment shall be based on engineering cost estimates as determined by the Company.
- d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal periods of the Company.
- e. Estimated Annual Revenues shall be based upon the usage of the appliance that the Applicant has committed contractually to install as shown in the applicable Gas Consumption Bulletin of the Company in Appendix A of the Rules and Regulations at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- f. To the extent that the extension required investment in Approach Main, Estimated Annual Revenues may also include Revenues associated with Infill Potential, as hereinafter defined, provided, however, that revenues associated with Infill Potential may not exceed fifty percent (50%) of Project Revenues.
- g. "Revenues Associated with Infill Potential" means revenues, adjusted for any additional costs, which, based upon analyses of the Company's extensions for residential service in comparable areas, can be expected within a five year period from the Approach Main in addition to Project Revenues.
- h. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years where natural gas space heating is installed; 10 years where natural gas water heating is installed as the principal gas appliance and 5 years for any other equipment. The Company reserves the right to recognize any conditions that would make the use of a typical economic life factor imprudent.

(2) Order of Application

- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment; service line; Project Main; and Approach Main.
- b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. ~~The length of main required for a main extension or the length of service line will~~

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main capable, in the opinion of the Company, of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.

- b. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the curb to the first reasonably acceptable meter location as determined by the Company.
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines. Such payment may be made over 36 months provided that the Applicant executes an appropriate finance agreement with the Company. Interest on unpaid balances shall accrue from the date construction is completed at a rate equal to the then existing prime rate (as defined in the Money Rates Section of the Wall Street Journal) plus 3 percent. The interest rate shall be adjusted on the 1st day of April of each succeeding year to the then existing prime rate plus 3 percent.

b. Adjustment of Allowable Investment and Payments

- (i) A survey will be made by the Company within one year after service is commenced to a Customer at a particular residential unit and in any event within three years after the date of completion of the main extension to determine the appliances or equipment in use at the development or premises of the Applicant served by the extension.
- (ii) If, based upon the appliances or equipment found to be in use, there is a lesser allowable investment than that originally granted and a payment is

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

required in addition to any prior payment by the Applicant, such additional payment shall be paid by the Applicant.

- (iii) The Company may grant a reasonable extension of time for the Applicant to install the appliances or equipment originally agreed upon, provided that the failure to install such appliances or equipment was due to reasons beyond the control of the Applicant.

c. No Refund of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.

d. One Service Line for a Single Premises

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph C (1) above.

e. Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense.
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer.

D. Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to install one or more of such appliances or items, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual appliances and equipment installed and utilized. If the Applicant is a developer or builder, the Applicant will install all the appliances on which the extension was based within three years of completion of the total project or shall pay the Company in accordance with the provisions of subparagraph C (5) (b) above.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment:

- ____a. ____ To extend the gas main or connect additional gas mains to any part of it.
- b. To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (C) above, actual costs may be used to determine the required Customer contribution. If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

E. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Non-Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the premises of the Applicant. All such main and service facilities will be provided pursuant to the following provisions.

B. Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the Investment.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of such investment as determined from time to time by the Company. These costs will be discounted at the Company's cost of capital.
 - c. The required investment in metering and regulating equipment shall be based upon engineering cost estimates as determined by the Company.
 - d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal period of the Company.
 - e. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years for firm service to apartments, governmental buildings, hospitals, churches and schools; and ten years to any other firm service including mobile home parks. For interruptible service the economic life factor shall be five years. The Company reserves the right to adjust the economic life factors to recognize any conditions that would make the use of a typical economic life factor imprudent. The economic life of industrial service shall not be greater than the length of gas service contract in years.
 - f. Estimated Annual Revenues shall be based upon the contractual commitment of the Customer for annual consumption at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.
- (2) Order of Application
- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment; service line; and main.
 - b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

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NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main, capable in the opinion of the Company of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.
- b. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the Company's main to the first reasonable acceptable meter location as determined by the Company.
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule. Further, the Company may require Applicant to provide both power and phone lines to the location of such metering facilities.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

b. Adjustment of Allowable Investment and Payments

- (i) Within one year after service is commenced to a Customer, the Company will determine if the annual usage determined in accordance with Section B (I) (e) above has been met.
- (ii) If, based upon the above determination, there is a lesser allowable investment than that originally granted, and a payment is required in addition to the prior payment by the Applicant, if any, such additional shall be paid by the Applicant.
- (iii) The Company may grant a reasonable extension of time for the Applicant to raise annual consumption to the level agreed upon, provided that the failure to reach that level of consumption was due to reasons beyond the control of the Applicant.

c. No Refunds of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.

d. One Service Line for a Single Premise

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph B (1) above.

e. Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense.
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

C. Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to consume sufficient gas to produce the Estimated Annual Revenues, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's non-residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual equipment installed and utilized.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services, and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment:

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- a. To extend the gas main or connect additional gas mains to any part of it.
- b. To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains.

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (B) above, actual costs may be used to determine the required Customer contribution.. If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

D. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

SERVICE LINE

Service lines from the main to the meter will be laid by the Company, and will at all times remain subject to the control of the Company. It is not contemplated that in running service lines the Company will put risers in buildings when meters are set above the first floor, in cases of this kind the Company will run the service line to the ground floor or to the basement, but all expenses through and beyond the first floor foundation wall shall be borne by the Customer. Service lines will be kept in repair by the Company at its own expense; but any alterations made necessary, such as changing of location, may be done at the Customer's expense. The Company does not in any case hold itself responsible for a stoppage, from frost or other cause, of the service lines or house lines. The Company will employ all reasonable means of clearing the lines to the meter, when stopped from any cause. All lines beyond or leading from the meter must be cleared at the Customer's expense.

APPARATUS-EASEMENTS

Customer's Lines: All house lines and equipment except the Company's meters and accessories on the Customer's side of the point of delivery, necessary to utilize service furnished by the Company, must be installed and maintained by and at the expense of the Customer. The Customer's lines shall terminate at the point of delivery, in a manner satisfactory to the Company, for connection with the Company's lines or apparatus.

Company Property: All service lines, apparatus, instruments, meters and materials supplied at the expense of the Company shall remain its property, and any other property installed at the expense of the Company, shall belong to the Company.

Inspection by Company: The Company is willing to assist the Customer by advice as to the installation of the Customer's apparatus and to examine the Customer's installation, and may refuse to make connection or to commence or continue service whenever such installation is not in proper condition; but no inspection by the Company, nor any failure by it to object to the Customer's installation, shall render the Company in any way liable for any damage or injury resulting from any defective installation made by the Customer.

Right of Way: The Customer shall make or procure satisfactory conveyance to the Company of right of way for the Company's lines and apparatus across and upon the property owned and controlled by the Customer, necessary or incidental to the furnishing of service.

Installation: For the purpose of determining the amount of gas used, a meter or meters shall be installed and maintained by the Company upon the Customer's premises; and, except as to outside locations heretofore or hereafter approved by the Company, the Customer shall provide free of expense to the Company, near the service entrance, a clean, dry, safe place for the meter and any necessary appurtenant device, which may be furnished by the Company. Where several buildings are supplied on one property, a centralized meter location may be required.

Notice to Discontinue: Notice by Customer to discontinue the supply of gas must be given the Company at least 24 hours in advance. The Customer will be held responsible for all gas consumed until such notice is given, including a reasonable time for securing the final reading of the meter.

TESTS AND ADJUSTMENTS

The Company, at any time upon the request of the Customers, will test the meter of such Customer within five days after receipt of such request, provided the Customer will accept the result of such test as a basis for the settlement of the Customer's account. If any such test shall show the average error of the meter to be less than 2%, the Customer shall pay the expense of the test; except that where the meter has not been tested at the request of the Customer within five (5) year period immediately preceding such request, the test will be made without charge to the Customer. The Company may at any time at its own expense test any of its meters. If on test of a Customer's meter, either by the Company or

TESTS AND ADJUSTMENTS (Continued)

by the Authority, such meter shall be found to have a percentage of error greater than 2%, the following provisions for the adjustment of bill shall be observed.

Fast Meters: When a meter is found to be fast in excess of 2%, the Company shall refund to the Customer an amount equal to the excess charged for the gas incorrectly metered. The period over which the correction is to be made shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months. No part of the minimum service charge shall be refunded.

Slow Meters: When a meter is found to be slow in excess of 2%, the Company may make a charge to the Customer for the gas incorrectly metered. The period over which the correction is to be computed shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months.

Failure to Register: If a meter is found not to register for any period, the Company will estimate and charge for the gas used by averaging the amounts registered over similar periods and under similar conditions preceding or subsequent thereto, or over corresponding periods in previous years.

Company's Rights: The properly authorized employees of the Company shall at all times have the right of access to the premises into which gas has been introduced, for the purpose of examining the general service or to read, inspect, test, repair, replace or remove its meter or other equipment, or for such other purposes as may be necessary for the protection of the Company. In case of any willful, intentional, or unnecessary injury to or interference with the meter or any connection made to the house lines or services, the meter at the option of the Company may be removed, the service line cut off, and service discontinued.

CUSTOMER SECURITY DEPOSITS

Prior to rendering service, deposits will be required from those residential Customers whose credit history dictates that a deposit is needed. All other residential Customers will not be required to provide a deposit.

Prior to rendering service, payment security will be required of all commercial and industrial Customers. Commercial and industrial Customers shall be given the option of either providing an adequate Cash Deposit, Letter of Credit, Indemnity Bond or a Letter of Guarantee from a financially acceptable parent company.

Any deposit which is required to be provided by a Customer shall only be refunded upon the Customer's discontinuation of his service.

The Company may require a deposit not more in amount than the maximum charge for two (2) consecutive billing periods.

CUSTOMER SECURITY DEPOSITS (Continued)

Interest shall accrue at the rate of 6% Per Annum. No interest shall accrue on deposits after service has been discontinued.

BILLS, PAYMENTS, NON-PAYMENTS

Payment of bills for service rendered must be received by the due date as stated on the Customer's bill which shall be approximately twenty-one (21) days from the date billed for cycle billed Customers and sixteen (16) days from the date billed for end-of-month Multi-Family Housing Service and Large Volume Commercial and Industrial Customers. The current month's bill for gas service shall be subject to a 5% late payment charge if payment is not received timely.

If the Customer shall fail to pay bill after it has become delinquent, the Company may, seven (7) days after notice to the Customer, discontinue service and apply any deposit made by the Customer in liquidation of such bill. Whenever the Company has issued a service suspension notice to a Customer for non-payment of a gas bill, the Company may make a charge of \$50.00 for the re-connection of service, and will require a deposit.

Gas Service may be terminated:

(1) By the Customer:

Unless otherwise provided, gas service may be terminated at any time by giving notice to Company; provided, however, anything contained in the provisions of the Company's TRA Gas Tariff No. 1, and/or any Agreement for Sale of Gas or Special Contract to the contrary notwithstanding, a non-residential Customer shall have the right and privilege which he may exercise any time by giving written notice to Company to terminate gas service if such Customer shall have discontinued his operations and dismantled his plant, and such cancellation shall relieve Customer from the obligation to pay such minimum charge, if any, which might have become payable had such gas service not been terminated.

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(2) By the Company:

Service may be refused or discontinued for any of the reasons listed below. Unless otherwise stated, the Company shall comply with the notice requirements before service is discontinued. However, no service shall be discontinued on the day or a date preceding a day or days on which the services of the Company are not available to the general public for the purpose of reconnecting the discontinued service or during any 24-hour period, as measured from 8:00 am on the planned date of termination, where the forecasted low temperature, as determined by the National Weather Service, is 32 degrees Fahrenheit or below, except as provided in (a), (b), (c) and (d) below:

- a. Without notice in the event of a condition determined by the Company to be hazardous.
- b. Without notice in the event of Customer use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

BILLS, PAYMENTS, NON-PAYMENTS (Continued)

- c. Without notice if there is evidence of tampering with the equipment furnished and owned by the Company
- d. Without notice if there is evidence of unauthorized use.
- e. For violation of and/or non-compliance with the Company's rules on file with and approved by the Authority.
- f. (For failure of the Customer to fulfill his contractual obligations for service and/or facilities subject to regulations by the Authority.
- g. For failure of the Customer to permit the Company reasonable access to its equipment.
- h. For non-payment of delinquent account.
- i. For failure of the Customer to provide the Company with deposit as authorized by Rule 1200-4-5.14.

Gas service to any gas Customer may not be terminated by the Company without reasonable prior notice where required and the Customer being given reasonable opportunity to dispute the reasons for such termination.

- (3) It shall be unlawful for any person to obtain or attempt to obtain by use of any fraudulent scheme, device, means or method gas service, with intent to avoid payment of the lawful price, charge or toll therefor, or for any person to cause another to avoid such payment for such service, or for any person to assist another in avoiding payment for gas service, either through the making of multiple applications for service at one address, or otherwise.
- (4) Termination of gas service by either Customer or Company shall not relieve Customer from the obligation to pay Company for services rendered prior to the effective date of such termination.

MISCELLANEOUS REGULATIONS

The Customer Agrees:

- (1) To be responsible for all damages to, or loss of, the Company's property located upon his premises, unless occasioned by fire or by the Company's negligence.
- (2) To use gas supplied through Company's meter only; and if such meter is found defective by the Company, the Company may repair or replace same.
- (3) It is understood that the Company shall be under no duty to inspect, repair or maintain the service of other lines, connections, equipment or appliances located on the premises of the Customer.
- (4) Company shall have the right to terminate gas service after reasonable notice has been given for any Customer who may be in arrears for a period of seventeen (17) days or longer in paying for gas furnished and/or used by Customer at Customer's present or subsequent address, it being understood hereby that said seventeen (17) day period commences on date the bill as above defined was rendered.
- (5) There is a charge for seasonal turn-ons and heating light-up service of \$50.00.
- (6) Customers may elect seasonal suspension of service instead of seasonal disconnection. If a Customer elects seasonal suspension, the account will remain active and the meter will continue to be read. No bill will be issued until the monthly consumption exceeds 3 Therms per month. The first month that the consumption exceeds 3 Therms the seasonal suspension will be terminated and the Customer will be billed the Monthly Customer Charge for that month, the gas consumed during that month, and the gas consumed during for each month during the seasonal suspension period. The Customer will not be billed the seasonal turn-on and heating light-up service charge.
- (7) There is a \$50.00 charge for reconnection of service where service has been suspended for non-payment of a gas bill.
- (8) Service Establishment Charges
 - A. For establishing an account for gas service to a Customer at a particular premises:
 - (i) where there is an existing meter set at such premises installed to serve an occupant of the premises.....\$15.00
 - (ii) when there is no existing meter set at such premises, or where an existing meter set at such premises has been used only for temporary service to a builder, contractor or developer prior to occupancy of the premises.....\$25.00

MISCELLANEOUS REGULATIONS (Continued)

- B. The above charges do not apply to restorations of service subject to paragraph (5) or (7) above, nor to temporary service to a builder, contractor or developer prior to occupancy of the premises, nor to a rental unit subject to a contract with the landlord providing that gas service shall continue during periods when the unit is not occupied by a tenant and that the landlord shall be responsible for the payment of bills for gas service until an account is established in the name of a new tenant.
- (9) As a convenience to the Customer, the Company may at the Customer's option, receive payment through a third party service provider that processes payment by telephone. The third party service provider may collect directly from the Customer a separate charge for processing the payment
- (10) If the Customer requests service as stated in (5), (7), and (8) above at times other than the regular office hours of the Company the above stated service charges shall be at one and one-half (1 1/2) times the above stated regular rate.
- (11) There is a \$20.00 service charge for Customer checks returned to the Company by the banks because of "Insufficient Funds".
- (12) Notwithstanding any other provisions of these rules, the Company shall postpone the physical termination of gas service to a residential Customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of the service will aggravate an existing medical emergency of the Customer or other permanent resident of the premises where service is rendered. During the thirty (30) day extension the Customer or other permanent resident of the premises where service is rendered shall be referred to social service agencies for investigation, confirmation of need and guarantee of payment. The Company shall supply Customers with names of agencies providing assistance.
- (13) All Customers shall be provided with the option of a Third Party Notification Service and shall be notified annually by the Company of its availability. The Third Party Notification Service will provide any Customer with the opportunity to designate a Third Party who will receive a duplicate of any termination notice.
- (14) Company shall increase the present level of Contributions-In-Aid-of-Construction and Customer Advances-for-Construction by 33% to implement the effect of the Tax Reform Act of 1986.
- (15) Company shall have the right to make other or additional rules and regulations at any time, and the furnishing of gas hereunder shall not constitute a waiver of any prior or present claim or right held by Company against Customer.

POLICY ON SERVICE CHARGES

The general types of service which the Company shall provide on a charge or no-charge basis are listed below but are not necessarily limited to the following:

I. CHARGE SERVICE

1. Cleaning of gas lights and gas grills
2. Replacement of air filters furnished by Customer
3. Disconnecting and reconnecting ranges
4. Pumping and pressurizing air conditioners
5. Cleaning pilots and/or burners
6. Seasonal turn-ons and heating light-up service
7. All service orders where parts are installed
8. Replacement of mantles and glass for gas lights
9. Sending collector to Customer's premises to collect past due gas bill to avoid turn-off of service for non-payment
10. Reconnection of service where service has been suspended for non-payment of a gas bill
11. Service Establishment Charges

II. NO CHARGE SERVICE

1. Meter Orders
 - a. Remove
 - b. Change (does not include relocation of meters at Customer's request)
 - c. Turn-off
2. Safety Inspections (new Customer and/or new equipment)
3. Leak Investigation
4. High-bill Investigations
5. Confirmation of meter reads
6. Gas-air adjustments (where no cleaning is required)
7. Any trouble call resulting from low pressure caused by Company's distribution system
8. Relighting appliances after interruption of gas due to Company convenience (construction, etc.)