

J.W. Luna  
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April 23, 2010

Filed Electronically in the Docket Office 4/23/2010

Chairman Sara Kyle  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37238

Re: TRA Dockets 10-00049, 09-00183 and 08-00012(archived)  
Sequent's Response to Potential Extension of Current Asset Management  
Agreement

Dear Chairman Kyle:

Chattanooga Gas Company ("CGC") truly appreciates the initiative that Director Freeman, Director Roberson and you undertook to create a favorable regulatory environment for the extension of CGC's current asset management agreement with Sequent Energy Management ("Sequent"). CGC also appreciates the agreement of the Consumer Advocate not to contest an extension of the current agreement.

As you know, Steve Lindsey, Vice President and General Manager of CGC, was present at the hearing and immediately informed Sequent, the current asset manager, of this initiative that you began. Mr. Lindsey on April 15, 2010 notified Sequent that CGC was willing to extend the current contract and requested that Sequent concur in the extension.

As Archie Hickerson testified on April 12<sup>th</sup>, the current asset management agreement mandates the concurrence of both CGC and Sequent to extend the current agreement. Unfortunately, Sequent notified CGC that due to changing market conditions Sequent would not agree to the extension of the current agreement because of the current guaranteed minimum amount. Sequent indicated to CGC that it would negotiate in good faith for a lower guaranteed minimum.

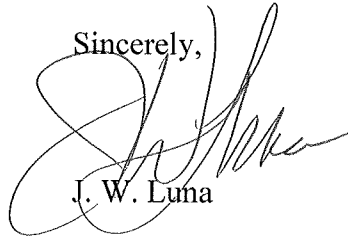
Therefore, at this time CGC believes that the appropriate process to follow is to continue with the requested RFP process. CGC remains open to any initiative that would achieve a future

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asset management agreement that maximizes value for CGC and its customers through a process that minimizes litigation expenses.

Sincerely,

A handwritten signature in black ink, appearing to be "J. W. Luna", written over the printed name.

J. W. Luna

/cb

cc: Director Mary Freeman  
Direct Kenneth Hill  
Director Eddie Roberson  
Vance Broemel, Esq.  
Henry Walker, Esq.