

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

August 27, 2012

IN RE:)	
)	
COMPLAINT OF CONOCOPHILLIPS COMPANY)	
FOR AN ORDER DETERMINING)	Docket No. 11-00210
CONOCOPHILLIPS NOT LIABLE FOR PENALTIES))	
AND CHARGES ASSESSED BY CHATTANOOGA)	
GAS COMPANY, OR, IN THE ALTERNATIVE,)	
PETITION FOR SPECIAL RELIEF)	
)	

PROPOSED SETTLEMENT AGREEMENT

For the sole purpose of settling Tennessee Regulatory Authority ("TRA" or "Authority") Docket No. 11-00210, ConocoPhillips Company ("COP") and Chattanooga Gas Company ("CGC" or "Company") (collectively the "Parties") respectfully submit this Proposed Settlement Agreement. The Consumer Advocate does not oppose this Proposed Settlement Agreement. The Parties stipulate and agree as follows:

1. CGC is incorporated under the laws of the State of Tennessee and is engaged in the business of transportation, distribution, and sale of natural gas in Chattanooga and Cleveland, Tennessee, and in portions of Hamilton and Bradley Counties. CGC is a public utility pursuant to the laws of Tennessee, and its public utility operations are subject to the jurisdiction of the TRA. CGC's principal office and place of business is located at 2207 Olan Mills Drive, Chattanooga, Tennessee 37421.

2. COP is a producer and marketer of natural gas nationally. For many years, COP has been the third party supplier of natural gas for INVISTA S.à r.l. ("INVISTA").

3. INVISTA is an interruptible customer of CGC for the sale and distribution of natural gas and currently operates the plant located at 4501 North Access Road, Chattanooga, Tennessee.

4. On November 22, 1999, E. I. du Pont de Nemours Company and CGC entered into a negotiated contract for the sales and transportation service of natural gas to the plant located at 4501 North Access Road, Chattanooga, Tennessee ("1999 Negotiated Contract"). E. I. du Pont de Nemours Company subsequently assigned the 1999 Negotiated Contract to INVISTA. The 1999 Negotiated Contract sets forth the rates and certain other terms and conditions pursuant to which CGC renders the sales and transportation service of natural gas to the INVISTA plant. Pursuant to TRA Rule 1220-4-1-.07(1), the 1999 Negotiated Contract was approved by the TRA in Docket 99-00908. By its terms, the 1999 Negotiated Contract is confidential and has been filed and maintained as confidential pursuant to the terms of the Protective Order entered in Docket 11-00210.

5. INVISTA has designated COP pursuant to the 1999 Negotiated Contract to advise CGC of the volumes of gas delivered to CGC's system for delivery to the INVISTA plant. Additionally, INVISTA has designated COP to act as INVISTA's Third Party Supplier ("TPS") pursuant to the Rate Schedule TPS provision of the CGC Tariff ("TPS Tariff Provision"). INVISTA executed a TPS Agreement effective December 1, 2010, pursuant to the TPS Tariff Provision, which provides that COP will act on behalf of INVISTA pursuant to the applicable provisions of CGC's Tariff, COP will be the sole supplier of gas to INVISTA effective December 2010, and COP will be solely responsible for informing INVISTA of any Daily Balancing Orders issued by CGC. *See Settlement Attachment A, TPS Agreement executed by INVISTA.* In accordance with these designations, COP causes volumes of natural gas to be

nominated and scheduled for delivery on the Southern Natural Gas Company (“SNG”) interstate pipeline from production receipt points to SNG’s delivery point for CGC’s distribution system. COP then makes a concomitant nomination and scheduling of the same volumes on CGC’s distribution system for delivery to INVISTA’s Chattanooga plant.

6. On December 20, 2011, COP filed a Complaint against CGC requesting the TRA to find COP not liable for certain penalties and charges assessed by CGC against INVISTA.

7. On January 13, 2011, CGC filed notice of its intent to file a responsive pleading. The TRA has extended this filing deadline so that the Parties could engage in settlement negotiations.

8. On March 12, 2012, the Consumer Advocate and Protection Division of the Office of the Tennessee Attorney General and Reporter (“Consumer Advocate”) filed a Petition to Intervene in this Docket. By Order entered on March 29, 2012, the Consumer Advocate’s intervention was granted.

9. Solely for purposes of settlement, the facts of the situation, as presented by COP and to which CGC has no reason to disagree, are as follows (*See* Settlement Attachment B, Affidavit of Mike Hastings, COP Director of Scheduling and Operations):

- A. In late November 2010, COP acting as TPS for INVISTA nominated December volumes on SNG intended to be delivered to CGC for INVISTA’s account, exactly as it had done for itself or its counterpart as INVISTA’s TPS for many years. The December nominations were “rolled over” in late December 2010 for the month of January 2011.
- B. A data entry error by a COP scheduler erroneously named a SNG delivery point other than CGC for these volumes.

- C. On each and every day during the period in question, COP delivered into SNG sufficient volumes to match the nominations for intended redelivery to CGC for INVISTA's account.
- D. During the period December 1, 2010 – January 6, 2011, COP made concomitant nominations on CGC for delivery of the gas from SNG to INVISTA, again exactly as it had done each month for many years.
- E. On each and every day in December 2010, and through January 6, 2011, CGC delivered INVISTA's requirements of gas to INVISTA even though no transportation gas was being received from SNG for INVISTA.
- F. In accordance with the requirements of its TPS Rate Schedule, CGC issued Daily Balancing Orders by posting on its Electronic Bulletin Board ("EBB") for each of the following days: Dec. 5, 6, 7, 8, 9, 12, 13, 14, 15, 26, 27 & 28.
- G. On January 5, 2011, in compliance with its tariff, CGC posted COP's imbalances for the month of December 2010 on its EBB, and on January 6, 2011 notified INVISTA by telephone that CGC had not received gas for INVISTA's account since November 30, 2010.
- H. Upon notice of a problem on January 6, 2011, COP immediately investigated, identified the problem with SNG, and corrected the erroneous delivery point nomination.
- I. SNG agreed to correct the imbalance by delivering the mis-nominated volumes at no cost to CGC. CGC initially considered allowing this

transaction but ultimately determined that the transaction would not be consistent with the CGC tariff.

- J. In accordance with its TPS Rate Schedule requirements, CGC imposed penalties and charges on INVISTA which were paid under protest. As agent, COP reimbursed INVISTA for those penalties and charges.
- K. COP is advised that at no time during the period December 1, 2010 through January 6, 2011, did CGC interrupt any of its interruptible sales or transportation customers.
- L. COP is advised that CGC did not incur any penalties from either of its pipeline suppliers in December 2010 or January 2011, resulting from COP's erroneous nomination, or for any other reason.
- M. This situation is unique in that COP understands that the 1999 Negotiated Contract is the only such contract on the Chattanooga Gas system.

10. For INVISTA's failure to comply with system balancing requirements, CGC's Tariff provides for certain penalties and charges in addition to recovering for the cost of gas and other distribution-related charges for the gas that CGC sourced to INVISTA.

11. CGC vaporized LNG six (6) of the twelve (12) days that CGC's system was under Daily Balancing Orders and thus incurred incremental costs because of COP's nomination and delivery failure. CGC's commercial and residential customers were impacted by COP's error.

12. CGC credited the cost of gas and the penalties and charges collected from INVISTA for failure to comply with the Daily Balancing Orders and other balancing requirements to CGC's customers through the PGA via the ACA for the period ending June 30, 2011.

13. Only \$735,474.34 of the total amount billed to INVISTA during the period in question is in dispute. There is no dispute regarding the Customer Charge, the F-1 Demand Charges, the F-1 Commodity Charge, the Firm (F-1) Delivery Charge, and the Non-Firm Transportation Charge. The amounts that are in dispute are the 30,736.8 Dth in December 2010 and the 1,602.5 Dth in January 2011 that were billed at the penalty rate of \$15.00/Dth and the 47,686.90 Dth of gas billed at the Cashout Rate of \$5.2506/Dth in December 2010. *See Confidential Settlement Attachment C.*

14. To avoid the time and expense to the Parties and the Authority of protracted litigation and a hearing in this matter, the Parties have undertaken settlement discussions to resolve the disputed issues in this Docket. Based on those discussions, the Parties have agreed to settle all issues pending in this Docket. More specifically, subject to TRA approval, and without prejudicing any positions which either Party may take at a hearing should this Proposed Settlement Agreement not be approved by the Authority, the Parties have agreed to the following terms and conditions of compromise and settlement based on the unique facts of this case:

- A. Pursuant to the terms of the 1999 Negotiated Contract, the volumes of natural gas in question for December 2010 and January 2011 shall be re-characterized as I-1 sales volumes. As a result, the penalties and charges that CGC assessed against INVISTA shall be reduced so that CGC recovers from INVISTA the cost of gas and base rates for the gas that CGC sourced and delivered to INVISTA during December 2010 and January 2011. This will allow CGC to recover for its residential and commercial customers all costs associated with COP's nomination error, including the costs associated with utilizing the LNG facility. As shown on Confidential Settlement Attachment C, the charges for the 30,736.8 Dth of natural gas billed to INVISTA at the \$15/Dth Penalty rate in December 2010 and the charges for the 47,686.9 Dth billed to INVISTA at the Cashout rate of \$5.2506/Dth in December 2010 will be canceled and re-billed at \$4.7130/Dth to allow CGC to recover through this settlement the commodity cost of gas delivered to INVISTA. The charges for the 1,563 Dth of natural gas billed to INVISTA at the \$15/Dth Penalty rate in January 2011 will be canceled and re-billed at \$4.5088/Dth to allow CGC to recover through this settlement the commodity cost of gas delivered to

INVISTA. The January 2011 bill will also be adjusted to recognize 40 Dth of gas provided at the Rate Schedule F-1 PGA Rate of \$4.462 on the days that daily balancing orders were posted. A corresponding credit will be made to the Penalty Gas charged to INVISTA in January 2011. As shown on Confidential Settlement Attachment C, the December 2010 bill will be reduced by \$341,826.01, and the January 2011 bill will be reduced by \$16,813.98 for a total reduction of \$358,639.99 for the two month period.

- B. Given that Chattanooga Gas Company has fully complied with its Tariff in existence in December 2010 and January 2011, the reduction in amount billed INVISTA for the months of December 2010 and January 2011 shall pass through the PGA via the ACA for the period ending June 30, 2012.
- C. INVISTA and Chattanooga Gas Company have entered into the attached Amendment to the 1999 Negotiated Contract ("Amendment") which is being submitted to the TRA as part of this Proposed Settlement Agreement for approval pursuant to TRA Rule 1220-4-1-.07(1). See Confidential Settlement Attachment D. The Amendment clarifies the following:
 - (1) Except for the transportation rate and customer charge for the interruptible transportation service of natural gas set forth in Paragraphs 11 and 12 of the 1999 Negotiated Contract, INVISTA, its agents, successors, and assigns shall comply with all terms and conditions of service, including but not limited to all penalties and charges for failure to comply with balancing requirements, set forth in Chattanooga Gas Company's current Rate Schedule T-1 Tariff provision and all subsequent modifications to the Rate Schedule T-1 Tariff provision.
 - (2) INVISTA, its agents, successors, and assigns, including but not limited to its third party suppliers, shall comply with the current Rate Schedule TPS Tariff provision in Chattanooga Gas Company's Tariff and all subsequent modifications to the Rate Schedule TPS Tariff provision.

15. This Proposed Settlement Agreement is conditioned upon the TRA approving the attached Amendment to the 1999 Negotiated Contract (Confidential Settlement Attachment D) pursuant to TRA Rule 1220-4-1-.07(1).

16. The terms of this Proposed Settlement Agreement have resulted from extensive negotiations between the signatories, and the terms hereof are interdependent and are not

severable. If the TRA does not accept this Proposed Settlement Agreement in whole and does not approve the attached Amendment to the 1999 Negotiated Contract, this Proposed Settlement Agreement shall terminate, and the Parties shall not be bound by any position set forth in this Proposed Settlement Agreement. Should this Proposed Settlement Agreement terminate, it will be considered void and have no binding precedential effect, and the signatories to this Proposed Settlement Agreement reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Proposed Settlement Agreement

17. The stipulations agreed to in this Proposed Settlement Agreement, which are the product of negotiations and substantial compromise between the Parties, are just and reasonable and in the public interest.

18. With the settlement agreement set forth herein, CGC's residential and commercial customers will be made whole for the costs incurred by CGC's sourcing gas to INVISTA because of COP's error and will not be harmed by this settlement.

19. Nothing in this Proposed Settlement Agreement shall be deemed to be a waiver of any of the provisions of CGC's Tariff.

20. The Parties jointly recommend that the Authority issue an order adopting this Proposed Settlement Agreement in its entirety without modification.

21. By agreeing to this Proposed Settlement Agreement, no Party waives any right to continue litigating this matter should the Proposed Settlement Agreement be rejected by the TRA in whole or in part.

22. No provision of this Proposed Settlement Agreement shall be deemed an admission of any Party.

23. The provisions of this Proposed Settlement Agreement do not necessarily reflect the positions asserted by any Party, and no Party to this Proposed Settlement Agreement waives the right to assert any position in any future proceeding except as expressly stipulated herein.

24. This Proposed Settlement Agreement shall not have precedential effect in any future proceeding or be binding on any Party except to the extent necessary to implement the provisions hereof.

25. The Parties agree to support this Proposed Settlement Agreement in any proceeding before the TRA in this Docket; however, the Parties further agree and request the TRA to order that the settlement of any issue pursuant to this Proposed Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the TRA.

26. The Parties agree to implement this Proposed Settlement Agreement in good faith and with due diligence following Authority approval.

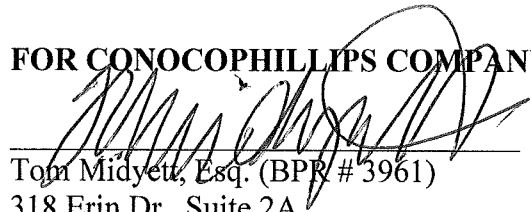
27. This Proposed Settlement Agreement sets forth the entire agreement between the Parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Proposed Agreement which are not fully expressed herein or attached hereto.

28. This Proposed Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, notwithstanding conflict of law provisions.

29. Nothing in this Proposed Settlement Agreement shall prohibit INVISTA from petitioning to intervene in a proceeding to modify CGC's Tariff before the TRA.

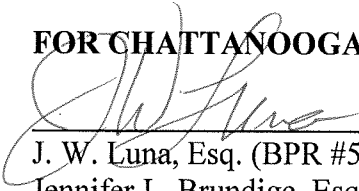
The foregoing Proposed Settlement Agreement of Docket 11-00210 is agreed and stipulated to this 27th day of August, 2012.

FOR CONOCOPHILLIPS COMPANY:



Tom Midyett, Esq. (BPR # 3961)
318 Erin Dr., Suite 2A
Knoxville, TN 37919
(865) 766-0106

FOR CHATTANOOGA GAS COMPANY:



J. W. Luna, Esq. (BPR #5780)
Jennifer L. Brundige, Esq. (BPR #20673)
LUNA LAW GROUP, PLLC
333 Union Street, Suite 300
Nashville, TN 37201
(615) 254-9146

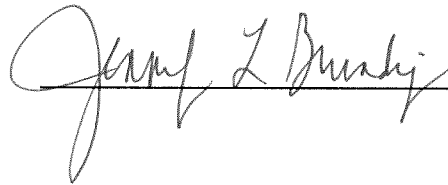
CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing forwarded via email and U.S. Mail, postage pre-paid, on this the 21st day of August, 2012, to the following:

Kelly Cashman-Grams, Esq.
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Ryan McGehee, Esq.
Vance Broemel, Esq.
Office of the Attorney General and Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202-0207

Tom Midyett, Esq.
318 Erin Drive, Suite 2A
Knoxville, TN 37919

_____

CHATTANOOGA GAS COMPANY
THIRD PARTY SUPPLIER (TPS) AGREEMENT

THIS AGREEMENT executed by the undersigned Customer who will receive service (the "Customer") from CHATTANOOGA GAS COMPANY ("Company") and the undersigned Third Party Supplier ("Designated TPS") who will act on behalf of the Customer pursuant to the applicable provisions of the Company's Tariff.

WITNESSETH:

WHEREAS, the Customer desires to engage the Designated TPS to act on its behalf on the Company's system pursuant to the provisions of the Company's Tariff; and

WHEREAS, the Designated TPS desires to operate on behalf of the Customer pursuant to the Company's Tariff; and

WHEREAS, the Customer and the Designated TPS desire to execute this Agreement in order to set forth the terms and provisions of the agreements and understandings between them which will become effective from time to time.

NOW, THEREFORE, in order to induce the Company to permit the Designated TPS to operate on its system on behalf of the Customer and in consideration of the mutual covenants and agreements herein, the Customer and the Designated TPS hereby agree with one another and with the Company as follows:

1. The following information relates to the Customer and has been furnished by the Customer:

Customer's Name Invista, Inc.

Mailing Address: 4501 N. Access Road, Chattanooga, TN 37415

Address (es) where Gas Service is to be provided (if different from mailing address):

Chattanooga Gas Company Account No. of Customer: 28-9-00650

Telephone: (423) 875-7011 Fax: (423) 875-7912

Effective Date: December 1, 2010

2. The following information relates to the Designated TPS and has been furnished by the Designated TPS:

Designated TPS's Name: ConocoPhillips

Mailing Address: 600 North Dairy Ashford, Houston TX 77252

Chattanooga Gas Company Account Number of Designated TPS: 23800-0073

Telephone: 281-293-5643 Fax: 281-293-6111

3. The following terms and provisions shall become effective during each period when a Current TPS Designation has been executed by the Customer and accepted by the Company:

- A. During the period of this agreement, the Customer designates and authorizes the Designated TPS to secure services from the Company on behalf of the Customer from time to time and Designated TPS agrees to secure such services on behalf of Customer during such periods in accordance with all applicable provisions of the Company's Tariff.
- B. During the period of this agreement, the Customer authorizes the Company from time to time to disclose to the Designated TPS the Customer's Gas usage and requirements.
- C. By the execution of this Agreement the Customer will be deemed to warrant to the Company that Designated TPS herein has agreed to be the sole supplier of the Customer and the Designated TPS will be solely responsible for informing the Customer of any Daily Balancing Orders that may be issued by the Company from time to time.

IN WITNESS WHEREOF, the Undersigned Customer and Designated TPS have executed this Agreement as of the 6th day of December, in the year of 2010.

Invista, Inc.

ConocoPhillips

By:  Customer

By:  Designated TPS

Title: Sylvia Reza / Coordinator Energy Services

Title: Diane Cipolla / ConocoPhillips Marketer

Note: Please fax the fully executed agreement to the Company at (404) 584-3817. The Company reserves the right to require three days notice but will process these changes up to the day before on a "best efforts" basis. It is recommended Customers or their Designated TPS contact their CGC account manager to ensure these agreements are received and processed in time, particularly if submitted on short notice and/or faxed after hours or weekends/holidays.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

ConocoPhillips Company

Complainant/Petitioner

-v-

Docket No.: 11-00210

Chattanooga Gas Company

Respondent

SETTLEMENT DOCUMENT

AFFIDAVIT OF MIKE HASTINGS

DIRECTOR OF SCHEDULING AND OPERATIONS
CONOCOPHILLIPS CORPORATION

My name is Mike Hastings and I am Director of Scheduling and Operations for ConocoPhillips Corporation (COP). I am based in Houston, Texas where COP's natural gas marketing and transportation headquarters are located. I am directly responsible for seeing that all of the natural gas that COP sells throughout the United States is transported efficiently and correctly to our customers. On a daily basis, I and my staff, administer numerous transportation contracts on various transporting entities.

COP is the designated agent for Invista S.ä.r.l. (successor to E. I. du Pont de Nemours Company), a large industrial customer on the Chattanooga Gas Company system. For many years, COP has been the gas supply agent for Invista's Chattanooga plant, and has been designated as such by Invista. As such, COP causes volumes of natural gas to be nominated and scheduled on the Southern Natural Gas Company (SNG) interstate pipeline from production receipt points to SNG's delivery point to Chattanooga Gas Company. COP then makes a concomitant nomination and scheduling of the same volumes on the Chattanooga Gas Company (Chattanooga) system from SNG to Invista. Gas volumes are nominated daily on Southern Natural Gas (SNG) for delivery to Chattanooga Gas, and like volumes are separately nominated on Chattanooga Gas for delivery to the Invista plant.

Invista consumes approximately eighty thousand dekatherms of natural gas each month in its operation at Chattanooga. Invista has a negotiated contract with Chattanooga for both sales and transportation of natural gas for its Chattanooga facility, such contract being dated November 22, 1999, and approved by the Tennessee Regulatory Authority. This Contract, by its terms, is confidential between Invista and Chattanooga Gas. As noted, the Contract was approved by the TRA and is in the Authority's confidential files.

In late November, 2010 COP, acting as agent for Invista, nominated volumes on SNG intended to be delivered to Chattanooga Gas for Invista's account, exactly as it had done for itself or its counterpart as Invista's agent each month for many years. The December nominations were "rolled over" in late December 2010 for January 2011.

A data entry error by a COP scheduler working for me erroneously named a SNG delivery point other than Chattanooga Gas for these volumes. The volume of natural gas in question is 79,100 mmbtu.

COP each and every day during the period in question delivered into SNG sufficient volumes to match the nominations for intended redelivery to Chattanooga Gas for Invista's account.

During the period December 1, 2010 -- January 6, 2011, COP made concomitant nominations on Chattanooga Gas for delivery of the gas from SNG to Invista, again exactly as it had done each month for many years.

On each and every day in December 2010, and through January 6, 2011, it is my information and belief that Chattanooga delivered Invista's requirements of gas to Invista even though no transportation gas was being received from SNG for Invista.

On January 5, 2011, in compliance with its tariff, Chattanooga Gas posted COP's imbalances for the month of December 2010 on its Electronic Bulletin Board, and on January 6, 2011 notified the Customer by telephone that by Chattanooga Gas had not received gas for Invista's account since November 30, 2010.

Upon notice of a problem on January 6, 2011, I and my employees immediately investigated, identified the problem with SNG, and corrected the erroneous delivery point nomination.

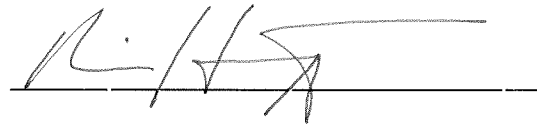
Attached to this affidavit is a letter from Mr. Jerry Nelson, Principle Account Manager for SNG, setting forth the events which occurred insofar as SNG is concerned during the relevant time period.

As noted in Mr. Nelson's letter, and in accordance with generally accepted pipeline practices, SNG agreed to correct the imbalance by crediting the mis-nominated volumes

to Chattanooga's storage account on SNG and making the volumes available for delivery to Chattanooga immediately. While Chattanooga Gas initially agreed to this transaction to correct the error, on January 25, 2011 SNG was notified that Chattanooga did object and that the transfer should be reversed.

I have been advised that Chattanooga Gas did not incur any penalties from either of its pipeline suppliers in December 2010 or January 2011, resulting from COP's erroneous nomination, or for any other reason. Also, COP is advised that at no time during the period December 1, 2010 through January 6, 2011, did Chattanooga Gas interrupt any of its interruptible sales or transportation customers.


As a result of this erroneous nomination, Chattanooga Gas imposed various penalties on Invista which were paid to Chattanooga under protest. As agent, COP reimbursed Invista for those penalties.


Mike Hastings

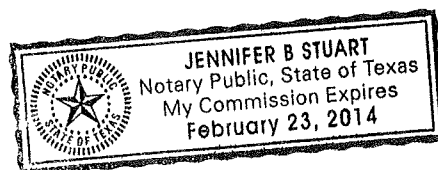
State of Texas

County of Harris

This 13th day of August, 2012, personally appeared before me, a Notary Public in and for said state and county, Mike Hastings, with whom I am personally acquainted, and made oath that the matters contained in this affidavit are true and correct to his knowledge, information and belief.


Notary Public

My commission expires: 2/23/2014



March 8, 2012

Mr. Mike Hastings
ConocoPhillips Company
1081 Cherokee Building
600 North Dairy Ashford
Houston, Texas 77079-1175

Mr. Hastings:

You have requested Southern Natural Gas' (SNG) perspective of events occurring beginning December 1, 2010 through January 7, 2011 as regards ConocoPhillips (COP)' nominations on SNG intended for delivery to Chattanooga Gas by SNG.

On November 29, 2010, SNG received a supply receipt nomination from COP of 2,000 Mmbtu into SNG to be effective December 1, 2010.

This nomination indicated delivery point #705000 (Gloria-SNG to Enbridge).

On December 30, 2010, COP rolled the December nomination into January 1, 2011, with the same delivery point.

On each day, beginning December 1, 2010 through January 7, 2011, SNG did receive the nominated volume of gas from COP.

However, SNG was told that an error by COP's scheduler on the nomination put the wrong delivery point #705000 (Gloria-SNG to Enbridge). The correct delivery point should have been point #790200 (Chattanooga). The volumes received from COP remained in the SNG system.

This error was discovered on January 6, 2011 and the delivery point was immediately corrected on the nomination.

When SNG was made aware of the erroneous nomination, as is the custom and practice between pipelines and shippers, SNG proposed to correct the error retroactively to December 1, 2010, by crediting the mis-nominated volumes of 79,100 total Mmbtu to Chattanooga Gas's storage account (SSNG69) on SNG, and making the volumes available for delivery to Chattanooga Gas immediately. SNG notified SNG's designated contacts at both Chattanooga Gas and COP of this proposed resolution of the mistaken nomination, and informed them that the

Southern Natural Gas
Colonial Brookwood Center
569 Brookwood Village, Suite 501 Birmingham, Alabama 35209
PO Box 2563 Birmingham, Alabama 35202 2563

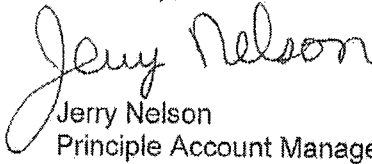
Mr. Mike Hastings
March 8, 2012
Page Two

transfer would take place on January 19, 2011 unless either party objected. As SNG received no objection, the transfer occurred.

On January 25, 2011 SNG was notified by Chattanooga that Chattanooga did object and was reversing the transfer. SNG immediately notified COP of Chattanooga's action.

I trust that this chronology of events regarding SNG' satisfies your need. If not, please advise.

Sincerely,


Jerry Nelson
Principle Account Manager