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December 30, 1999

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TM 37243-0505

Re: Nashville Gas Company, Docket No. 99-00207

Dear Mr. Waddell:

In accordance with the reporting provisions of Service Schedule No. 14, Performance Incentive Plan, as approved in the above captioned docket, Nashville Gas Company ("Nashville") submits the accompanying quarterly report of shared gas cost savings for the period ended October 31, 1999.

The summary accompanying this filing differs from previous reports in that this is the first reporting period under Nashville's asset management arrangement with Dynegy, Inc. Under the terms of the asset management agreement, Dynegy will remit to Nashville a lump-sum payment of $1,650,000 on June 30, 2000. This payment is reflected on the attached summary as received in the last month of the current Plan year. Thus, the accumulated total gain of $1,916,229 includes this asset management payment. All subsequent reports filed in this Plan year will reflect the accumulated gains through the last month of each reporting period including the June, 2000 payment by Dynegy.

Detailed calculations suporting the amounts shown on the summary are provided in this filing subject to the execution of non-disclosure agreements.

I am enclosing one additonal copy of the summary that I would appreciate your stamping "filed" and returning to me in the enclosed envelope.

Sincerely,

Jerry W. Amos by BRM

Jerry W. Amos

Enclosures

c: Vincent Williams, Consumer Advocate
Michael Horne, Tennessee Regulatory Authority

FILE

Report on Nashville Incentive Plan
July 1999 - June 2000

Month	Year	Gas Procurement Incentive Mechanism Gain/(Loss) 1/	Nashville GPI Sharing Gain/(Loss) 2/	Ratepayer GPI Sharing Gain/(Loss)	Capacity Management Incentive Mechanism Gain/(Loss)	Nashville CMI Sharing Gain/(Loss) 3/	Ratepayer CMI Sharing Gain/(Loss) 3/	Total Gain/(Loss)	Total Nashville Gain/(Loss)	Total Ratepayer Gain/(Loss)
July	1999	$ (259)	$ -	$ (259)	$ -	$ -	$ -	$ (259)	$ -	$ (259)
August	1999	$ 240,030	$ 110,527	$ 129,502	$ -	$ -	$ -	$ 240,030	$ 110,527	$ 129,502
September	1999	$ (1,321)	$ -	$ (1,321)	$ -	$ -	$ -	$ (1,321)	$ -	$ (1,321)
October	1999	$ 5,374	$ -	$ 5,374	$ 22,404	$ -	$ 22,404	$ 27,779	$ -	$ 27,779
November	1999	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
December	1999	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
January	2000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
February	2000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
March	2000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
April	2000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
May	2000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
June	2000	$ -	$ -	$ -	$ 1,650,000	$ 690,873	$ 959,127	$ 1,650,000	$ 690,873	$ 959,127
		$ 243,825	$ 110,527	$ 133,297	$ 1,672,404	$ 690,873	$ 981,531	$ 1,916,229	$ 801,400	$ 1,114,829

1/ The monthly gain or loss set forth in this column reflects total gains or losses calculated under the gas procurement mechanism, including gains or losses within the one percent deadband.

2/ Nashville GPI sharing reflects 50% of gains or losses calculated under the gas procurement mechanism after application of the one percent monthly deadband .

3/ Nashville sharing percentages range from 0% (up to 1% of annual demand savings), to 10% (1% - 2% savings), to 25% (2% - 3% savings), and to 50% (> 3% savings). Total capacity demand costs for the period are based on estimated annual costs for the plan year. These sharing amounts shall be adjusted based on the actual demand costs incurred, taking into account refunds or surcharges from pipeline and storage supplies.
(See Service Schedule No. 14, page 5)