Nashville Gas Company
Docket No. 00-00824
TRA Staff Data Request



1. Does the assignment of the agreement for this special contract from Ford Motor Company to its wholly-owned subsidiary, Visteon Corporation, change the facts that supported the need for a special contract in the original filing?

Response:

No. The situation which existed at the time of the original Ford special contract still exists today. Specifically, Ford indicated in 1990, that if it was not given rate relief, it would seek permanent alternative sources of gas supplies including direct service from an interstate pipeline or shut down the Nashville gas plant altogether and move production to its Tulsa, Oklahoma facility. This situation has not changed, according to Ford officials. The special contract was approved by the TRA's predecessor, the Tennessee Public Service Commission, after exhausted negotiations involving representatives of Ford, Nashville Gas, the TPSC, the Tennessee Department of Economic and Community Development, and the Governor's office.

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2. Provide the monthly sales volumes transported by NGC to Ford Motor Company for 1998-2000.

Response:

In Dekatherms

| 1998 | | 1999 | | 2000 | |
|---|---|---|---|---|---|
| Jan | 2,508,126 | Jan | 2,622,137 | Jan | 2,753,973 |
| Feb | 2,256,797 | Feb | 2,298,178 | Feb | 2,541,422 |
| Mar | - | Mar | 2,523,157 | Mar | 2,605,990 |
| Apr | 4,808,298 | Apr | 2,248,562 | Apr | 2,473,450 |
| May | 2,277,339 | May | 2,319,917 | May | 2,434,570 |
| Jun | 2,159,612 | Jun | 2,312,797 | Jun | 2,210,977 |
| Jul | 2,045,644 | Jul | 2,148,330 | Jul | 2,088,088 |
| Aug | 2,231,086 | Aug | 2,374,395 | Aug | 2,361,526 |
| Sep | 2,131,044 | Sep | 2,312,440 | Sep | 2,322,942 |
| Oct | 2,297,812 | Oct | 2,502,363 | Oct | |
| Nov | 2,293,010 | Nov | 2,489,521 | Nov | |
| Dec | 2,482,681 | Dec | 2,654,949 | Dec | |

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3. The previous contract between the Company and Ford was for 5 years and 2-1/2 years respectively. The parties now are reducing the contract terms to 5 months with a month-to-month provision thereafter. Why have the parties agreed to a month-to-month term after March 31, 2001, as opposed to a defined term (i.e. 2 to 3 years)? What are the benefits of including this type of term to the company, Visteon, and the other consumers?

Response:

The reason for the amendment and the unusual term thereof is to provide a contractual bridge until the Company can negotiate a new long term contract with Visteon, the new owners of the glass plant operation. Since it was difficult to determine how long it would take to complete the installation of the new Visteon organizational structure and management, the Company agreed to a flexible termination date. Because the rates that were previously approved by the TRA continue under the amended contract, the Company believes that the contractual bridge is a proper and prudent measure.