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



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| IN RE. PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND CHARGES AND REVISED TARIFF | ) ) ) ) | DOCKET NO. 04-00034 |

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**CHATTANOOGA MANUFACTURERS ASSOCIATION'S RESPONSE OBJECTING TO THE CHATTANOOGA GAS COMPANY'S MOTION OF JULY 9, 2004**

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The Chattanooga Manufacturers Association (hereinafter "CMA") files the following response objecting to the July 9, 2004 Motion of the Chattanooga Gas Company (the "Company"), which was submitted in letter form to the Authority. CMA asks the Authority to deny the Company's request to place all of its proposed rates into effect as of August 1, 2004, without posting a bond, and to deny the Company's request that ratepayers ultimately bear the burden of costs that may be associated with refunds should the pre-hearing increase subsequently be replaced by tariffs, charges and rates or a reduced rate schedule after a hearing and ruling by the Authority in this case

Although Tenn. Code Ann. §65-5-203(b) allows a utility the opportunity to place increased rates into effect six months after the utility has filed for a rate increase *if* certain conditions are met, the sixth month period has not yet elapsed for certain proposed rate increases which would adversely affect CMA The Company did not file certain proposed rate increases applicable to industrial customers until February 27, 2004, therefore, by law, the earliest time at which the company might increase its rates would be August 27, 2004.

In his July 12, 2004 Order, the Pre-Hearing Officer concluded that certain specific increases should **not** be placed into effect until six months after each has been filed.[1] Moreover, in a separate Order, the Pre-Hearing Officer stated "to the extent that any rates, charges, schedules, or classifications contained in the tariff filed by Chattanooga on July 9, 2004 have not been on file with the Authority a full six (6) months on July 26, 2004, the Hearing Officer suspends the effectiveness of those rates, charges, schedules, or classifications until August 27, 2004."[2]

It is true that certain of the Company's proposed rates and charges will have been on file with the Authority for six months as of July 26, 2004. However, it is also true that the hearing on these proposed increases is now scheduled to begin less than one month later, on August 23, 2004. The Company would not be able to raise rates until August 1, 2004, so these speculative rates would be in effect an exceptionally short period of time assuming the Authority determines that all relief requested by the Company is not warranted. Nonetheless, the Company has requested that its ratepayers bear the cost the Company risks incurring if it must subsequently calculate and implement refunds to the ratepayers if the Company is unsuccessful in its Petition.

To ask the ratepayers of a monopoly to bear such a cost is not reasonable, especially in situations such as here where the rate hearing and likely determination of relief is scheduled for the near-term No matter the position as to who should bear such costs (the Company or the

[1] Order Reflecting Status of Action, Denying Consumer Advocate's Motion to Extend Time and Establishing Procedural Schedule to Completion, filed July 12, 2004, at page 7, paragraph 4 (emphasis added)
[2] Order Requiring Chattanooga Gas Company to Identify All Rates, Charges, Schedules or Classifications in its July 9, 2004 Tariff on File for Six Months And Suspending the Effectiveness of All Other Rates, Charges, Schedules or Classifications in the July 9, 2004 Tariff, filed July 12, 2004, at page 3, paragraph 1

ratepayers), it arguably is an exercise in waste and mismanagement for the Company to insist upon the implementation of a select few tariffs and schedules, piecemeal, given the short timeframe in which they might be subsequently revised or reduced. Additionally, judicial economy and the burdens on the Authority, its staff, ratepayers and intervenors, both as to time and money, militate against approval of the Company's motion.

While CMA takes no position as to the Authority's exercise of its discretion to require, or not, a bond from the Company, CMA avers that an immediate implementation of a rate increase of any kind should not be granted as requested. If, however, any increase is allowed to be implemented prior to the August hearing, CMA proposes that the Company, **not the ratepayers,** be responsible for the costs created by the Company's overzealous request should any part or portion of the Company's requested relief ultimately or subsequently be denied after the hearing.

For all the foregoing reasons, CMA respectfully requests that the Company's motion be denied

This 19th day of July, 2004.

Respectfully submitted,

GRANT, KONVALINKA & HARRISON, P.C

By: _____

DAVID C. HIGNEY (BPR #14888)
633 Chestnut Street, 9th Floor
Chattanooga, Tennessee 37450
423-756-8400

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: _____

HENRY M. WALKER, Esq.
414 Union Street, Suite 1600
Nashville, Tennessee 37219
615-244-2582

## CERTIFICATE OF SERVICE

I hereby certify that I have on this 19th day of July, 2004, served the foregoing Motion to Compel Responses, postage prepaid, by U.S. Mail or by facsimile to all parties of record at their addresses shown below:

Vance Broemel, Asst Attorney General
Tim Phillips, Asst. Attorney General
Office of Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202

Dale Grimes, Esq.
Bass, Berry & Sims, PLC
AmSouth Center, Suite 2700
315 Deaderick Street
Nashville, TN 37238

D. Billye Sanders, Esq
Waller, Lansden, Dortch & Davis, PLLC
Nashville City Center
511 Union Street, Suite 2100
Nashville, Tennessee 37219-1760

Henry Walker