

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

April 24, 2007

IN RE:)	
)	DOCKET NO.
CHATTANOOGA GAS COMPANY'S)	05-00322
ANNUAL INCENTIVE PLAN FILING)	
FOR THE TWELVE MONTHS ENDED)	
JUNE 30, 2005)	

DISSENTING OPINION OF DIRECTOR RON JONES

The above-styled docket came before a panel of the Tennessee Regulatory Authority ("Authority") during an Authority Conference on August 23, 2006. At that conference, a majority of the panel declined to adopt recommendation number three¹ contained in the *Compliance Audit Report of the Performance-Based Ratemaking Tariff for Chattanooga Gas Company* filed in the docket file as Exhibit A to the *Notice of Filing by the Utilities Division of the Tennessee Regulatory Authority* on June 27, 2006.

Recommendation number three states:

The Authority should direct Audit Staff to visit Sequent's offices in Houston, Texas for the purpose of reviewing the asset management and gas purchase function Sequent provides for CGC and reviewing the program in place to isolate and track individual transactions made using the assets of Chattanooga Gas Company.²

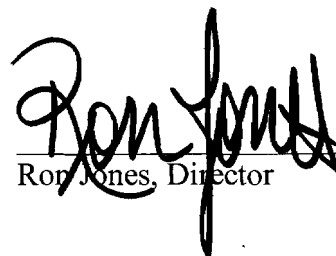
Unlike my fellow panel members I voted in favor of adopting recommendation number three.

Additionally, I commented that the pool of staff members visiting Sequent's offices should be

¹ *Order Adopting IPA Report of the Tennessee Regulatory Authority's Utilities Division*, 2 (Apr. 24, 2007).

² The *Compliance Audit Report of the Performance-Based Ratemaking Tariff for Chattanooga Gas Company* did not explicitly state the terms of the recommendation. Instead, the report referred the reader to another report filed by the Audit Staff. See *In re: Chattanooga Gas Company Actual Cost Adjustment Filing for 12 Months Ended June 30, 2005*, Docket No. 05-00321, *Notice of Filing by the Utilities Division of the Tennessee Regulatory Authority*, Exhibit A, p. 12 (Jun. 23, 2006).

expanded to include representatives from the Authority's Utilities, Policy and Legal Divisions. Through its recommendation, the Audit Staff unequivocally requested a directive from the panel to visit Sequent's offices. I can find no reason (and no reason was given by the panel) to deny this request. The thoughtful determination of issues related to asset management and gas procurement is critical to the future regulation of natural gas local distribution companies. Declining to publicly direct Audit Staff and, as I proposed, other staff members to avail themselves of an educational opportunity such as that contained in the recommendation serves only to frustrate the Authority's efforts at rendering considered opinions on critical asset management and gas procurement issues. Because it is my opinion that the need of the Authority to continually pursue educational opportunities is never-ending and because I can find no reason to deny the request of our Audit Staff for a public directive, I dissent from the majority's decision with regard to recommendation number three.



Ron Jones, Director