

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**December 18, 2007**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF CHATTANOOGA GAS COMPANY</b>	)	
<b>TO INCREASE RATES, INCLUDING A</b>	)	<b>DOCKET NO.</b>
<b>COMPREHENSIVE RATE DESIGN PROPOSAL</b>	)	<b>06-00175</b>
<b>AND REVISED TARIFF</b>	)	

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**ORDER DENYING SUSPENSION OF TARIFF**

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This matter came before Chairman Sara Kyle, Director Eddie Roberson, and Director Ron Jones, of the Tennessee Regulatory Authority (“Authority” or “TRA”), the voting panel assigned to this docket, at a hearing held on June 25, 2007, for consideration of the request by the Chattanooga Manufacturers Association (“CMA”) to suspend the revised tariff filed on June 1, 2007 by Chattanooga Gas Company (“CGC”).

**BACKGROUND**

On June 30, 2006, CGC filed its *Petition* seeking approval from the TRA for “an adjustment to its rates and charges for natural gas service, the implementation of its comprehensive rate design proposal, which includes an Energy Conservation Plan (“ECP”) and a Conservation and Usage Adjustment (“CUA”), and the revision of its tariff.”<sup>1</sup>

CGC’s *Petition* was considered at a regularly scheduled Authority Conference on July 10, 2006. At that time, the panel voted unanimously to convene a contested case and to appoint the General Counsel or his designee as the Hearing Officer for the purpose of preparing this matter for hearing, including handling preliminary matters and establishing a procedural schedule.

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<sup>1</sup> *Petition*, p.1 (June 30, 2006).

On July 10, 2006, the Consumer Advocate and Protection Division of the Office of the Attorney General (“Consumer Advocate”) filed a petition to intervene. CMA filed a petition to intervene on July 19, 2006. On July 27, 2006, the Hearing Officer issued an *Order Suspending Tariffs, Granting Motions to Intervene and Establishing a Procedural Schedule* (“Order”), which set forth a procedural schedule that bifurcated the revenue requirement (“Phase I”) and the rate design components (“Phase II”) in CGC’s rate adjustment proposal.

On November 20, 2006, CGC, the Consumer Advocate, and CMA (collectively, “the parties”) filed the Phase I *Settlement Agreement*. In accordance with the *Settlement Agreement*, on November 21, 2006 CGC submitted a tariff filing for the Authority’s review and approval. On November 22, 2006, the Hearing Officer issued a Notice of Hearing stating that the Authority would consider the *Settlement Agreement* at the commencement of the Hearing on December 5, 2006. The panel approved the *Settlement Agreement* at the December 5, 2006 Hearing.

On May 31, 2007, CGC filed a revised tariff (“*May 31 Revised Tariff*”) with the necessary revisions to establish a balancing pool for CGC’s transportation customers in accordance with paragraph 18 of the *Settlement Agreement* with an effective date of July 1, 2007. On June 1, 2007, CGC filed another revised tariff because the tariff pages entitled “Rate Schedule TPS” incorrectly contained the header “Third Revised Sheet No. 38.” The header was corrected, and CGC also made minor revisions to the Fourth Revised Sheet No. 1.

On June 4, 2007, the Authority sought comments from the parties in this docket concerning the proposed revised tariff. On June 11, 2007, the Consumer Advocate filed a letter stating that CGC has agreed to a change proposed by the Consumer Advocate. Also on June 11, 2007, CMA submitted comments on the proposed revised tariff but reserved its right to comment further as needed. CMA stated that it had issues with the proposed revised tariff, and the parties were working to develop a mutually agreeable resolution. Additionally, CMA stated that it did not agree with any conclusion that the proposed revised tariff was in accordance with paragraph eighteen of the


*Settlement Agreement.* Because the parties had not reached agreement concerning some of the provisions of the proposed revised tariff, which by its terms was to be effective July 1, 2007, CMA requested that the proposed revised tariff be suspended by the Authority.


On June 20, 2007, CGC filed another revised tariff and stated that an agreement had been reached by the parties and that the instant filing was to be substituted for the *May 31, 2007 Revised Tariff*. CGC stated that the revisions included changes to the “Rate Schedule TPS,” set to be effective July 1, 2007, and changes to the “T-3 Rate Schedule,” set to be effective August 1, 2007.

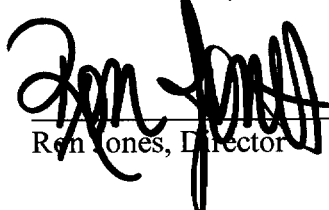
At the regularly scheduled Authority Conference held on June 25, 2007, the voting panel assigned to this docket considered CMA’s request to suspend the proposed revised tariff. In light of CGS’s June 20, 2007 filing which incorporated the agreement of the parties, the panel unanimously voted to deny the request to suspend the proposed revised tariff and to allow the proposed revised tariff filed on June 20, 2007 to become effective as set out in the tariff filing.

**IT IS THEREFORE ORDERED THAT:**

The request by Chattanooga Manufacturers Association to suspend the proposed revised tariff filed by Chattanooga Gas Company is denied, and the proposed revised tariff filed by Chattanooga Gas Company on June 20, 2007 shall be allowed to go into effect as set out in the tariff filing.

  
Sara Kyle, Chairman

  
Eddie Roberson, Director

  
Ren Jones, Director