TENNESSEE REGULATORY AUTHORITY

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

February 7, 2008

Director Sara Kyle
Director Ron Jones
Director Trè Hargett

Tennessee Regulatory Authority
460 James Roberson Parkway
Nashville, TN 37243-0505

RE: For the Collection of Data and Comments Relating to Home Energy Conservation Matters in Tennessee
TRA Docket 06-00309

Dear Directors Kyle, Jones, and Hargett:

Please find the attached motion that I plan to make in our scheduled Authority Conference on February 11, 2008, in the above-referenced docket. For your convenience, I am filing this today in order that you have sufficient time for review before we deliberate.

Sincerely,

Eddie Roberson, Ph.D.
Chairman

/vln

Attachment

c: Docket File 06-00309

Chairman Roberson's Motion
Docket 06-00309

I move the following:

First, I want to express my appreciation to the Home Energy Conservation Task Force and Chairman Mundy for their hard work and diligent efforts to make recommendations to us that will benefit the public. I strongly believe that the TRA has an important role to play in promoting natural gas conservation with the utilities under our jurisdiction. The Task Force has made several recommendations for our consideration. As we address those matters, I hope that the Task Force will continue its work on laying out a blueprint for a public education program to better educate the public on the benefits of natural gas conservation.

One of the actions that we can take immediately is to determine the best method of funding contributions to the research and development of natural gas equipment that will promote conservation. While my priority is implementing a low-income energy conservation pilot program, I also appreciate the importance of research and development (R&D) of energy conservation equipment. I believe we must support the scientists and engineers working on energy R&D in the nation's labs.

There are some important issues we need to air out before we adopt an R&D program. One threshold issue to be determined is whether there is a benefit to all ratepayers of such a contribution to research and development. A generic contested case would allow any interested parties to engage in full discovery, testimony and cross examination. A rulemaking procedure is more of a legislative function used by agencies to set policy. A rulemaking procedure also permits all directors the opportunity to participate in the hearing and decision-making processes. In order to accomplish our goals, I believe we should use both processes.

Therefore, I move that we simultaneously open a rulemaking docket and a generic contested case docket for the purposes of establishing guidelines on how to select a research institution and how to fund the research. The rulemaking will set out the procedures and minimum filing guidelines the applicant must follow in seeking approval for an R&D program and a proposed funding mechanism. The determination of whether a contribution to research and development will benefit the customers of the regulated natural gas utilities and how to fund the research will also be the focus of the generic contested case docket. Specifically, I further move that Chief Mundy begin working with the staff on drafting the rules and that the rules be submitted to the Secretary of State for publication. Once the sections of the rules dealing with cost/benefit analysis and funding mechanisms are published, that the generic docket be activated and that the General Counsel or his designee be appointed as hearing officer to prepare the two issues for a contested case hearing before the directors. The directors can utilize the record of the generic contested case to further refine the rulemaking language in the two sections.

In closing, adoption of my motion does not bind any of us to ultimately supporting an R&D program. Our final positions will be determined during the course of the rulemaking and contested case proceedings. By moving forward on my motion it does state that we wish to explore the questions of what such a program would look like and whether it will benefit ratepayers.