

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**March 19, 2008**

**IN RE:**

**DOCKET FOR THE COLLECTION OF DATA AND  
COMMENTS RELATING TO HOME ENERGY  
CONSERVATION MATTERS IN TENNESSEE**

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**DOCKET NO.  
06-00309**

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**ORDER INITIATING GENERIC CONTESTED CASE AND RULEMAKING  
CONCERNING ENERGY CONSERVATION RESEARCH**

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This matter came before Chairman Eddie Roberson, Director Tre Hargett, Director Sara Kyle, and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”) at a regularly scheduled Authority Conference held on February 11, 2008 for consideration of the report of the Home Energy Task Force (“Task Force”) concerning comments filed by Chattanooga Gas Company (“CGC”), Nashville Gas Company (“NGC”), and Atmos Energy Corporation (“Atmos”) (collectively, the “Companies”) and the Attorney General’s Office of the Consumer Advocate and Protection Division (“Consumer Advocate”).

**RELEVANT PROCEDURAL BACKGROUND**

At a regularly scheduled Authority Conference on July 9, 2007, the Directors voted unanimously in favor of the creation of autonomous pilot energy conservation programs for the Companies. On August 8, 2007, comments concerning the creation, structure, and funding of autonomous energy conservation pilot programs were filed by CGC, NGC, and Atmos. On October 8, 2007, comments were filed by the Consumer Advocate. Comments included discussion and analysis of funding contributions to the research and development (“R&D”) of natural gas equipment that will promote conservation. A meeting of the Task

Force was scheduled on October 12, 2007. The purpose of the meeting was to discuss and reconcile the comments offered by the Companies and the Consumer Advocate.

At a regularly scheduled Authority Conference on November 6, 2007, the Directors voted unanimously to suspend the November 30, 2007 implementation date for the energy conservation pilot programs for CGC, NGC, and Atmos, and ordered that a new implementation date shall be set no sooner than three months following a decision by the Authority regarding the funding of the programs.

On January 17, 2008, the Task Force filed with the Authority its *Tennessee Home Energy Conservation Task Force Report* ("Report"), which included its recommendations concerning various issues presented in the Companies' and Consumer Advocate's filed comments and further discussed at the October meeting of the Task Force, including those pertaining to R&D. At a regularly scheduled Authority Conference on January 28, 2008, the Chairman of the Task Force presented the *Report* to the Directors and others in attendance.

#### **FEBRUARY 11, 2008 AUTHORITY CONFERENCE**

At a regularly scheduled Authority Conference on February 11, 2008, the Directors voted unanimously to simultaneously open a generic contested case docket and a rulemaking docket for the consideration and establishment of guidelines concerning various issues related to energy conservation research, including, but not necessarily limited to, the selection of a research institution, funding mechanisms, and the cost-benefit of contributions to research and development.

During the Authority Conference, the panel discussed the orderly sequence of progression for the generic contested case and rulemaking dockets, as well as their intended purposes. First, the Directors agreed that the generic contested case docket shall be initiated

for the purpose of evaluating funding mechanisms and conducting an analysis of the cost-benefits of energy conservation research.<sup>1</sup> In the generic contested case docket, the Authority's General Counsel or his designee shall serve as Hearing Officer to prepare those issues for a hearing before the Directors.

Once the contested case proceeding is completed, the rulemaking docket, led by Carsie Mundy, TRA Consumer Services Chief, will begin setting out the procedures and minimum filing guidelines an applicant must follow in seeking approval for a proposed R&D program and funding mechanism. To ensure that the draft rules are consistent with determinations made by the Directors, the record developed in the contested case proceeding should be reviewed prior to submission of the rules to the Tennessee Secretary of State. The Directors further agreed that the Task Force shall prepare an economic impact statement on the rulemaking in accordance with Tenn. Code Ann. § 4-5-403.

**IT IS THEREFORE ORDERED THAT:**

1. A generic contested case docket shall be opened to analyze and evaluate the cost-benefits and funding mechanisms for energy conservation research, and the Authority's General Counsel or his designee will serve as Hearing Officer to prepare those issues for a hearing before the Directors.

2. A rulemaking docket shall be opened to establish guidelines concerning the selection of research institutions and methods for funding energy conservation research. This docket shall be held in abeyance pending completion of the contested case docket described above.

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<sup>1</sup> During the Authority Conference, Director Jones requested that during the establishment of issues in the contested case proceeding, the Hearing Officer include consideration of how to limit the benefits of ratepayer-funded research to ratepayers (or the regulated market).

3. The Home Energy Conservation Task Force shall prepare an economic impact statement associated with the rulemaking in accordance with Tenn. Code Ann. § 4-5-403.



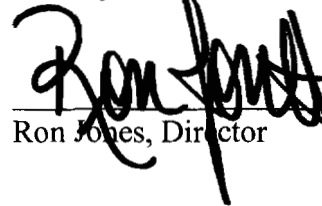
Eddie Roberson, Chairman



Tre Hargett, Director



Sara Kyle, Director



Ron Jones, Director