

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

**September 4, 2008**

electronically filed 9/4/08

<b>IN RE:</b>	)	
	)	
<b>DOCKET TO EVALUATE CHATTANOOGA</b>	)	<b>Docket No. 07-00224</b>
<b>GAS COMPANY'S GAS PURCHASES AND</b>	)	
<b>RELATED SHARING INCENTIVES</b>	)	
	)	

**CHATTANOOGA GAS COMPANY'S RESPONSE**  
**TO THE CAPD'S MOTION TO COMPEL**

On August 6, 2008, the Consumer Advocate and Protection Division ("CAPD") of the Office of the Attorney General served its Second Discovery Requests on Chattanooga Gas Company ("CGC" or "Company"). CGC provided responses and objections (both general and specific) to the CAPD's discovery requests on August 26, 2008. The CAPD filed a motion to compel more complete responses from CGC. As the CAPD has been unavailable to discuss its concerns with CGC until just hours before CGC's filing deadline, CGC is hereby filing its already prepared response to the CAPD's motion to compel. As explained below, CGC has provided complete, responsive answers and has provided all requested documents when such documents exist. CGC has been and remains available to continue to discuss and attempt to resolve the CAPD's discovery concerns.

CGC's responses to the discovery concerns raised in the CAPD's motion to compel are as follows:

**Discovery Request No. 2:**

As explained in CGC's response filed on August 26, 2008, gas used for liquefaction is not separately metered by pipeline. CGC cannot, therefore, provide the amount of natural gas placed into the LNG storage site via the ETNG pipeline. CGC has provided in its response the total volume and cost of the natural gas placed into storage.

**Discovery Request No. 3:**

As explained in CGC's response filed on August 26, 2008, gas used for liquefaction is not separately metered by pipeline. CGC cannot, therefore, provide the total cost of natural gas placed into the LNG storage site via the SONAT pipeline. CGC has provided in its response the total volume and cost of the natural gas placed into storage.

**Discovery Request No. 5.a. & b.:**

CGC's response speaks for itself and clearly is an admission.

**Discovery Request No. 6:**

The CAPD has asked for documents supporting Mr. Sherwood's testimony regarding when the requests concerning seasonal capacity were made and refused by the pipelines. There are no documents as the requests and refusals referred to in Mr. Sherwood's testimony were verbal.

When Mr. Sherwood testifies that "both [pipelines] have specifically refused to provide [seasonal capacity] to CGC, if CGC were not willing to accept interruptions in service in the winter period or pay the same annual price for the [seasonal] service", he is explaining about verbal requests that were made to the pipelines during various meetings or conversations. Upon the verbal requests, both ETNG and SONAT refused to provide

such service without interruption in the winter period and/or without charging the same annual price for the service. Mr. Sherwood does not recall the exact dates of such requests. He recalls at least once making such request of ETNG during a conversation or meeting concerning ETNG's offering of a wide-range of capacity during an open season and receiving such a refusal as described in his testimony. Mr. Sherwood recalls frequently asking SONAT about seasonal capacity and receiving such refusals as described in his testimony. Mr. Sherwood does not transcribe conversations or meetings with pipeline companies, nor did he keep minutes or make records of these meetings or conversations.

**Discovery Request No. 7.a.:**

The CAPD has requested "documents identifying the date and time when CGC decided that its contract 33653 with ETNG should be subdivided". In order to respond to this discovery request, Mr. Sherwood reviewed all emails and files in the custody, possession, and control of the Company to look for any documentation of the Company's decision to subdivide the contract. No such documents, dated or otherwise, were found. The Company's routine practice is for the capacity planning and gas supply division to meet routinely to discuss capacity and gas supply issues for CGC. The group discusses these issues, makes decisions, and implements the decisions. There are no minutes kept or transcriptions made of these internal meetings.

**Discovery Request No. 7.b.:**

Mr. Sherwood has responded to the CAPD's question about the explanation for the decision to subdivide contract 33653 with ETNG both in the discovery response and in his testimony. Just because the CAPD would like there to be a different explanation

does not make Mr. Sherwood's answer unresponsive to the question as asked by the CAPD.

**Discovery Request No. 7.c.:**

Mr. Sherwood has responded to the CAPD's question about the explanation for the decision "to move 5,000 Dth/d receipt capacity off of Ridgetop" both in the discovery response and in his testimony. Just because the CAPD would like there to be a different explanation does not make Mr. Sherwood's answer unresponsive to the question as asked by the CAPD.

**Discovery Request No. 7.d.:**

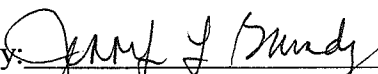
Mr. Sherwood has responded to the CAPD's question about the explanation for the decision to "keep 4,899 Dth/d receipt capacity at Dickenson County Receipt Point in Virginia" both in the discovery response and in his testimony. Just because the CAPD would like there to be a different explanation does not make Mr. Sherwood's answer unresponsive to the question as asked by the CAPD.

**Discovery Request No. 9.a. & b.:**

Mr. Sherwood has responded to the CAPD's question about the explanation for "CGC's understanding that Sequent placed a request for a receipt point shift for existing capacity" both in the discovery response and in his testimony. As explained, Sequent provided the information upon Mr. Sherwood's request, and Mr. Sherwood has attached the email communication of the explanation as requested in No. 9.b.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and exact copy of the foregoing has been forwarded by hand delivery on this the 4th day of September, 2008, to the following:

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