

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE: DOCKET TO EVALUATE)
CHATTANOOGA GAS COMPANY'S) DOCKET NO. 07-00224
GAS PURCHASES AND RELATED)
SHARING INCENTIVES)

**THIRD DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE AND
PROTECTION DIVISION TO CHATTANOOGA GAS COMPANY**

To: Chattanooga Gas Company
 c/o J.W. Luna
 333 Union Street, Ste. 300
 Nashville, Tennessee 37219

This Discovery Request is hereby served upon Chattanooga Gas Company, ("CGC" or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg 1220-1-2-.11. The Consumer Advocate and Protection Division ("Consumer Advocate" or "CAPD") requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Mary Leigh White, on or before May 12, 2009.

PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information and material available to Company, as a party, whether it be Company's, in particular, or knowledge, information or material possessed or available to Company's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Company which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that the Company supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the facts and substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Chattanooga Gas Company and all employees, agents and representatives thereof.

The term "person" or "persons" as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company's response. Moreover, the company's designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all*

matters known or reasonably available to the company.

The term “identity” and “identify” as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term “document” as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, workpaper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the

Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

DISCOVERY REQUESTS

1. In reference to Mr. Sherwood's supplemental testimony from page 17 line 7 to page 18 line 2, as well as CNG's prior responses to discovery, explain how "SEM uses fallow CGC ETNG transportation to make a delivered sale into Transco at the ETNG/Transco pipeline interconnect." Include in your reply an explanation of how Sequent uses "fallow CGC ETNG transportation" to make a delivered sale to Transco without utilizing CGC's OBA and provide a copy of Sequent's Operational Balancing Agreement with ETNG.

RESPONSE:

2. Mr. Sherwood says in his supplemental testimony at page 20 lines 9-11:

CGC has transport customers that schedule gas to the system from ETNG and whose daily balances are included in CGC's imbalances, since CGC is the delivery point operator.

In view of this record, provide copies of all contracts between CGC and ETNG and all other material substantiating Mr. Sherwood's testimony that for each year from 2000 through 2008 CGC has been the delivery point operator of delivery points 59001, 59007, 59016, 59017, 59024, 59106, 59108, 59142 and 59151. If CGC was not the operator of a delivery point in a particular year, for example such as point 59017 in 2004, then identify the company that was the delivery point operator.

RESPONSE:

3. For each year from 2000 through 2008, identify the delivery point operator of delivery point 59014.

RESPONSE:

4. Identify the parties who are “transport customers” or “transportation customers” as outlined in Supplemental Testimony of Tim Sherwood page 17, line 15 and page 20, line 9.

RESPONSE:

5. Identify the parties who made the nominations for the “transport customers” as outlined in exhibit TSS-17.

RESPONSE:

6. Regarding exhibit TSS-05 and the line depicting “firm load”, please provide each customer class's Mdth for all values on the horizontal axis in an excel spreadsheet. For example, regarding point 57 on the horizontal axis, provide the Mdth for each customer class. Provide such data for all points on the horizontal axis.

RESPONSE:

7. Regarding exhibits TSS-06 and TSS-07, please provide all the data used in the regression analyses in an excel spreadsheet.

RESPONSE:

8. Regarding exhibits TSS-06 and TSS-07, please provide “usage per customer” for each customer class in an excel spread sheet.

RESPONSE:

9. Please provide all data in CGC's possession on "usage per customer" for CGC's customers outlined in exhibits TSS-06 and TSS-07.

RESPONSE:

10. Does usage per customer include data from customers who are "transport customers" ("transportation customers")?

RESPONSE:

11. Does usage per customer include data from customers who make "third party gas" nominations shown in exhibit TSS-17?

RESPONSE:

12. Identify the parties who made third party gas nominations as referenced in exhibit TSS-17.

RESPONSE:

13. Regarding exhibit TSS-08, explain the meaning of the column titles "Alloc Del Quantity", "Alloc Rec Quantity", "Mo. Imbalance (Long)/Short", "Daily Alloc Delivery Qty", and "Daily Alloc Receipt Qty".

RESPONSE:

14. Regarding exhibit TSS-08, if the term “Alloc” means “allocated” explain the allocation process, identify all parties involved in the allocation process, and provide all documents, studies, pipeline bills, emails and other materials to support your reply.

RESPONSE:

15. Regarding exhibit TSS-08, if the term “Alloc” means “allocated”, then for each allocated quantity provide the total quantity which is the source of the allocated quantity. For example, if the allocated quantity is 238,498 identify the number, such as 300,000, which is the source of the allocated quantity.

RESPONSE:

16. Regarding exhibit TSS-08, provide copies of all pipeline bills, nomination records and other material and/or documents that are sources for the data reported in TSS-08.

RESPONSE:

17. Regarding exhibit TSS-08, in an excel spread sheet provide all quantities on a daily basis and provide all pipeline bills, nomination records and other materials and/or documents that are sources for the data reported in TSS-08.

RESPONSE:

18. Regarding exhibit TSS-08, for each day of the period from August 1, 2005 through October 31, 2008, provide the scheduled deliveries at each of CGC's delivery points for each point on a daily basis and provide all actual pipeline bills, nomination records and other material that are sources for the data in an excel spreadsheet.

RESPONSE:

19. Regarding TSS-08, for each day from August 1, 2005 through October 31, 2008, provide the transport customers' daily scheduled deliveries and daily actual deliveries.

RESPONSE:

20. Regarding exhibit TSS-08, explain why the analysis begins at August 2005 rather than an earlier date.

RESPONSE:

21. Regarding exhibit TSS-08, please extend the analysis back to November 2002.

RESPONSE:

22. Please provide any and all documents which were used in the creation of the provided exhibit TSS-08, as well as any and all documents in your possession which are related to this exhibit, were used in responding to the interrogatories related to this exhibit, including but not limited to Interrogatories 13 through 22, and/or and documents that support the figures presented in exhibit TSS-08.

RESPONSE:

23. In light of the information provided in TSS-08 and Mr. Sherwood's supplemental testimony with regard to load balancing, please provide a month-by-month listing of the amount of firm customer usage, in total and at each of CGC's delivery points, for the period from November 2002 through October 31, 2008; include in your answer an explanation of the process by which these figures were calculated as well as any and all documents that were used in preparing these figures.

RESPONSE:

24. Regarding exhibit TSS-09, provide and accurately label all the data used in the regression analyses in an excel spreadsheet.

RESPONSE:

25. Regarding exhibit TSS-17 and the quantity "CGC Net Purchases", provide the net purchases by day by delivery point for ETNG and SONAT for 2003 and 2005.

RESPONSE:

26. Regarding exhibit TSS-17, for the years 2003 and 2005 and for ETNG and SONAT provide in an excel spread sheet the scheduled delivery by day for each delivery point where CGC was the delivery point operator.

RESPONSE:

27. Mr. Sherwood says in his supplemental testimony from page 12 lines 2-13:

While Dr. Brown testifies that “CGC’s design day forecasts include industrial loads and are interruptible or stand-by only” (Brown Rebuttal page 54, line 19 — 21), the fact is that loads included in the design day regression analysis are loads for which CGC has a firm obligation consistent with CGC’s tariff, included as Exhibit TSS-19. The design day analysis for CGC was done in the same manner as the analysis referenced in the Stipulation in Docket 24960-U. As opposed to the Rome Pool on the AGLC system, the firm customer count for CGC has been increasing. This is why Dr. Brown is wrong in drawing the conclusion that the CGC design day should decline because the design day load for AGLC’s Rome Pool declined.

Please provide the definition of “firm customer” that was used in Docket 24960-U and provide all data, tariffs and other materials which support your definition.

RESPONSE:

28. Please provide the number of firm customers in the Rome Pool at the time of the Rome Pool’s peak for each peak from 2000 through 2008.

RESPONSE:

29. Please provide the number of CGC’s firm customers at the time of the CGC’s peak for each peak from 2000 through 2008.

RESPONSE:

30. Mr. Sherwood says in his supplemental testimony from page 11 lines 8-12,

In contrast to the Atlanta Pool, the Rome Pool load is expected to have a decline of approximately 5,000 customers over the period 2008 through 2010.

In light of this statement, how many of the “5,000 customers” are firm customers?

RESPONSE:

31. Please provide a narrative of the methods used to project the number of firm customers in the Rome Pool for 2009 and 2010.

RESPONSE:

32. How many times since 2002 has Mr. Sherwood or his company made a projection of the number of firm customers in the Rome Pool? If the answer is more than zero, then provide a copy and a list of each projection made since 2002.

RESPONSE:

33. Please provide a narrative of the methods used to project the number of firm customers in CGC for 2009 and 2010.

RESPONSE:

34. How many times since 2002 has Mr. Sherwood or his company made a projection of the number of firm customers in CGC? If the answer is more than zero, then provide a copy and a list of each projection made since 2002.

RESPONSE:

35. Please provide supplemental answers to all discovery requests previously propounded in this docket; these supplements should include but are not limited to any discovery requests not previously answered in full, as well as any and all updates that may be necessary as a result of a change of circumstance, unusual occurrence, the passage of time, internal change within CGC, AGL, Sequent or any other Affiliated Companies or employees, change of business model, contractual or other legal obligation, matter of going concern, and/or any other customer, employee, or transactional change which may have resulted in the need to supplement/update either the answers provided to these or prior discovery requests.

RESPONSE:

36. Mr. Sherwood says in his supplemental testimony at page 23 lines 7-14:

The single most significant factor influencing compensation, including the payment of additional compensation for the employees involved in the capacity planning process, is their individual performance. The individual performance of these employees is specifically dedicated to the service of AGLR's utilities and does not include the performance of Sequent. Failure to meet the individual performance standards makes employees ineligible for additional compensation under the Annual Incentive Plan.

In light of this statement, please provide a listing of the position, title and number of employees responsible for "the capacity planning process" and describe fully the individual "Annual Incentive Plan" standards for the

employees involved in the capacity planning process; include in your answer a copy of the individual annual incentive plan for each of these employees, the direct employer of each of these employees, each of the specific standards by which these employees are measured, how these performance standards are set and measured, which company, and which employees within that company, sets and/or measures these standards, and any and all supporting documentation or documentation that was used in drafting this response.

RESPONSE:

37. With regard to the Selection of Sequent as the asset manager of CGC, Mr. Sherwood says in his supplemental testimony at page 24 lines 17-20:

Sequent was selected as the asset manager for CGC as a result of a tariff based RFP process in which they were the party offering the highest minimum annual guaranteed payment to CGC's customers.

In view of this statement, please provide a detailed narrative of the "tariff based RFP process" used to select CGC's asset manager as well as a listing of any other asset managers who may have participated in this process within the last five years; include in your answer the factors that are reviewed in selecting an asset manager, the weight assigned to each of those factors, which company and employees make the selection of an asset manager, whether or not any company other than CGC is involved in the selection process in any way, whether or not any company other than CGC provides advice or guidance in the selection process, a listing of participating asset managers' in the selection process by year, and any and all documents which support any part of your answer, were used in drafting your answer, that evidence the existence of selection criteria, or that more fully describe this process.

RESPONSE:

RESPECTFULLY SUBMITTED,



MARY LEIGH WHITE, B.P.R. #026659

Assistant Attorney General



T. JAY WARNER, B.P.R. #

Assistant Attorney General

Office of the Attorney General

Consumer Advocate and Protection Division

P.O. Box 20207

Nashville, Tennessee 37202

(615) 741-3533

Dated: April 15th, 2009

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via first-class U.S. Mail, postage prepaid, or electronic mail upon:

J.W. Luna, Esq.
Jennifer Brundige, Esq.
Farmer & Luna
333 Union Street
Suite 300
Nashville, TN 37201

Kelly Cashman-Grams
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

This the 15th day of April, 2009.



Mary Leigh White

T. Jay Warner

Assistant Attorney General

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