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September 3, 2009

Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

filed electronically in docket office on 09/03/09

**Re: Tennessee Regulatory Authority's Requested Comments on the Triennial
Review of Chattanooga Gas Company
Docket 07-00224**

Dear Chairman Kyle:

I am writing in response to the request of the Tennessee Regulatory Authority ("TRA") for comment on the ordered Triennial Review of Chattanooga Gas Company ("CGC"), during the Monday, August 24, 2009, regularly scheduled TRA conference. After thoroughly reviewing the proposed language with regard to a triennial review of CGC's Performance Based Ratemaking Mechanism ("PBRM"), the Consumer Advocate and Protection Division of the Attorney General's Office ("Consumer Advocate") contends that the review described in the handout provided by the TRA strikes an appropriate balance between the need for consumer safeguards in the area of asset management and planning on the one hand, and concern that a review not require unnecessary work by CGC or incur unreasonable and unnecessary costs to be borne by ratepayers on the other. The proposed language embodies the type of review that all Natural Gas Providers in Tennessee should be required to undergo in order to ensure both that the provider is operating efficiently and that ratepayer's best interests are protected.

The only significant concern of the Consumer Advocate in reviewing the TRA's proposed language is the timing of this review. The Consumer Advocate would point out that the triennial review, as proposed, would likely coincide with the Triennial Review of Piedmont Gas ("Piedmont") in 2012, and every three years thereafter, Docket 05-00165. The Consumer Advocate would aver that if these reviews occur simultaneously, this would result in a strain on the resources of the TRA staff, as well as the Independent Consultant selected to review CGC,

should this be the same Independent Consultant retained to review Piedmont. This drain on consultant resources is especially worrisome given that the parties may determine that it is more cost effective to retain the Consultant reviewer due to experience in similar reviews and the procedures necessary to timely complete those reviews.

In order to address this concern, the Consumer Advocate would propose that the timing of the CGC Triennial Review be moved forward to avoid any unnecessary conflict. Ideally, the Consumer Advocate would prefer that the CGC review take place in 2010, so that the reviews will be separated enough in time to prevent overlap and a resulting resources drain, but close enough so that the parties might draw from the successes and failures of the most recent review of Piedmont in drafting the scope and procedures to be followed by the Independent Consultant in this review. Therefore, the Consumer Advocate would recommend that the Triennial Review of CGC be moved forward to 2010, or, alternatively, a minimum of six months.

Finally, the Consumer Advocate would draw attention to one specific point in the proposed language that may become the subject of differing interpretations. The first paragraph of the TRA provided handout reads:

any and all relationships between the independent consultant and CGC, the TRA Staff and/or the [Consumer Advocate] shall be disclosed and the independent consultant shall have had no prior relationships with either CGC, the TRA Staff, or the [Consumer Advocate] for at least the preceding five (5) years unless CGC, the TRA Staff and [Consumer Advocate] agree in writing to waive this requirement.

It is our concern that the term "relationships" may be misinterpreted. Due to the limited number of consultants available with the expert knowledge required to conduct this type of review, as well as the "independent nature" of the work performed, the Consumer Advocate would assume that the TRA does not intend that work as an "independent consultant" in a prior triennial review of either CGC or any other natural gas company regulated by the TRA would fall within the definition of "relationships" as included in the above language. However, the Consumer Advocate feels that some guidance from the TRA on this point is necessary to ensure that no independent consultant is precluded from participating in an independent review of CGC merely for having acted as an independent party in a separate TRA Docket.

Once again, the Consumer Advocate thanks the TRA for the wisdom and speed of its decision and the important safeguards that this TRA ordered triennial review will provide ratepayers in Tennessee. The necessity of these safeguards for ratepayers of all natural gas providers in the State of Tennessee is apparent in the Order issued by the TRA. Thank you for your time and consideration of these comments. We look forward to working with the TRA Staff and CGC to select a consultant and commence the review of CGC. Should you find the need for any additional information or clarification, please do not hesitate to ask.

Sara Kyle, Chairman
September 3, 2009

Sincerely,



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