

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

March 5, 2008

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

**CHATTANOOGA GAS COMPANY'S RESPONSE TO
THE CONSUMER ADVOCATE'S FEBRUARY 28TH FILING**

Chattanooga Gas Company ("CGC" and "Company") is submitting this response in opposition to the Consumer Advocate's February 28th Motion requesting that the Consumer Advocate be allowed to serve 240 discovery requests upon the Company in this docket.¹

While Rule 1220-1-2-.11(5)(a) allows a party to seek leave from the Tennessee Regulatory Authority ("TRA" or "Authority") or Hearing Officer to serve more than 40 discovery requests, the Rule requires that "Any motion seeking permission to serve more than forty (40) discovery requests *shall set forth the additional requests.*" Rule 1220-1-2-.11(5)(a) (emphasis added). The Consumer Advocate has not complied with the Rule and set forth the additional 200 requests that it is seeking from the Company.

¹ At this time, CGC is not going to respond to all of the incorrect assertions that the Consumer Advocate has made in its Motion, but will reserve its right to respond if it becomes necessary to correct the record for the ultimate outcome of this docket.

The Consumer Advocate has set forth six (6) "claims or issues" in its Statement of Claims and Issues filed on February 20, 2008 in this docket.² Now the Consumer Advocate is requesting that it be allowed to ask a total of 240 discovery requests (or 40 discovery requests per issue) without having to provide the Authority with the specific additional 200 discovery requests that the Consumer Advocate claims are needed from the Company. Rule 1220-1-2-.11(5)(a) provides a unique balance by giving the TRA the discretion to allow for more discovery requests but only upon the Authority's evaluation of the specific requests. By requiring the party seeking to expand the number of discovery requests to provide the specific discovery requests, the Rule allows the TRA to prevent the parties from engaging in abusive and expensive fishing expeditions. The Company is concerned about and wants to avoid unnecessary litigation expenses and resources that will occur if the Consumer Advocate is allowed to engage in an unlimited investigation without having to state its complaints and claims against the Company with any specificity.

Additionally, Chattanooga is not a party in Docket 07-00225 which the Consumer Advocate appears to be arguing is determinative of Chattanooga's rights and privileges in the current docket. If the Consumer Advocate is trying to litigate asset management issues industry-wide in Docket 07-00225, then that docket should have been convened as a rulemaking as advocated by CGC. However, the TRA did not convene asset management issues in a rulemaking docket and instead opened separate contested case

² As explained in its February 22, 2008 filing, CGC believes that the Consumer Advocate has failed to set forth with any specificity the claims and issues that it intends to litigate against CGC in this contested case proceeding.

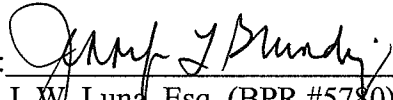
proceedings for the Consumer Advocate to litigate its complaints and claims separately against Atmos and Chattanooga Gas.

CGC and Atmos are two very different companies, and they have different asset management agreements and arrangements. For example, CGC has a current asset management agreement that requires its asset manager to share fifty percent (50%) of the net gain earned off non-jurisdictional transactions with CGC's customers. Atmos on the other hand has an asset management agreement that requires its asset manager to pay a fixed fee rather than a percentage of the gain. Because the facts surrounding asset management and affiliate transactions are different for each company, it would be improper for the TRA to make decisions using the facts of the Atmos case that will bind CGC or the other natural gas companies. Further, Chattanooga Gas is entitled to defend the litigation in the current docket without its rights being decided in a docket to which it is not a party.

In conclusion, CGC believes that the Consumer Advocate should start serving its discovery requests. If the Consumer Advocate should ask 40 discovery requests and, upon receiving the Company's responses, should determine in good faith that it needs additional information beyond the allowed 40 requests, the Consumer Advocate should then seek permission from the TRA and comply with Rule 1220-1-2-.11 by presenting the additional requests that the Consumer Advocate is seeking from CGC and demonstrating why the additional discovery is necessary.

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 electronic mail on this the 5th day of March, 2008, to the following:

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