

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 15, 2009

IN RE:)	
)	
APPROPRIATENESS OF IMPLEMENTATION OF)	DOCKET NO.
PURPA STANDARD 5 (ENERGY EFFICIENCY))	09-00065
AND STANDARD 6 (RATE DESIGN)	
MODIFICATION) FOR PIEDMONT NATURAL)	
GAS COMPANY, CHATTANOOGA GAS)	
COMPANY, AND ATMOS ENERGY COMPANY)	

ORDER OPENING DOCKET AND APPOINTING HEARING OFFICER

This docket came before Chairman Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the “Authority” or “TRA”), under section one business, at a regularly scheduled Authority Conference held on May 18, 2009 for consideration of opening a docket to determine the appropriateness of the implementation of certain federal standards for gas utilities set forth in the Public Utility Regulatory Policies Act of 1978 (“PURPA”), as amended by the Energy Independence and Security Act of 2007 (“2007 Energy Act”), for Piedmont Natural Gas Company (“Piedmont”), Chattanooga Gas Company (“Chattanooga”) and Atmos Energy Company (“Atmos”).

BACKGROUND

PURPA was enacted in 1978 to “encourage (1) conservation of energy supplied by gas utilities; (2) the optimization of the efficiency of use of facilities and resources by gas utility systems; and (3) equitable rates to gas consumers of natural gas.”¹ PURPA originally contained

¹ 15 U.S.C. § 3201(a)

two federal standards for gas utilities; two additional standards were added by the Energy Policy Act of 1992. The PURPA requirements apply to gas utilities with total annual retail sales greater than ten billion cubic feet using a baseline year of the calendar year immediately preceding passage of the 2007 Energy Act.² PURPA requires a “state regulatory authority (with respect to each gas utility for which it has ratemaking authority)” to adopt each standard or to state in writing that it has determined not to adopt such standard.³ If a state regulatory authority declines to implement a standard, the agency must state in writing the reason for the decision and make that statement available to the public.⁴

The 2007 Energy Act amended PURPA by adding two additional standards that a state regulatory authority must consider and determine the appropriateness of their implementation with respect to each gas utility for which the agency has ratemaking authority.⁵ These additional standards are codified at 15 U.S.C. § 3203(b)(5) through (6). In addition to the requirements of the 2007 Energy Act, the recently passed American Recovery and Reinvestment Act of 2009 (“Stimulus Act”) requires that state regulatory authorities seek to implement policies similar to those described in the 2007 Energy Act in order to receive stimulus funds.⁶

At a regularly scheduled Authority Conference held on May 18, 2009, in order to comply with the 2007 Energy Act and ensure that the State of Tennessee is eligible to receive stimulus funds the panel voted unanimously to open a docket for the purpose of considering and

² 15 U.S.C. § 3201(b)

³ 15 U.S.C. § 3203(c)


⁴ *Id.*

⁵ The PURPA guidelines only apply to natural gas utilities with retail sales greater than ten billion cubic feet annually. 15 U.S.C. § 3201(b)

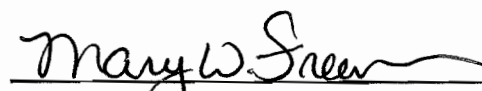
⁶ Stimulus Act, Title IV Sec. 410 (a)(1): The applicable State regulatory authority will seek to implement, appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers’ incentives to use energy more efficiently.

determining the appropriateness of implementation of the standards contained in 15 U.S.C. § 3203(b)(5) through (6) as they relate to Piedmont, Chattanooga, and Atmos. The panel further voted to appoint the Authority's General Counsel or his designee for the purpose of hearing preliminary matters and preparing the matter for a hearing before the panel.

IT IS SO ORDERED.


Eddie Roberson, Chairman


Sara Kyle, Director


Mary W. Freeman, Director