

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 13, 2009

IN RE:

PETITION OF PIEDMONT NATURAL GAS COMPANY,
INC. TO IMPLEMENT A MARGIN DECOUPLING
TRACKER (MDT) RIDER AND RELATED ENERGY
EFFICIENCY AND CONSERVATION PROGRAMS

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DOCKET NO.
09-00104

ORDER GRANTING INTERVENTION, DETERMINING ISSUES,
AND ESTABLISHING PROCEDURAL SCHEDULE

These matters came before the Hearing Officer at the September 28, 2009 Status Conference. A *Complaint and Petition to Intervene* ("Petition") by the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate") was filed on July 31, 2009. Piedmont Natural Gas Company, Inc. ("Piedmont") filed its *Opposition* ("Opposition") to that Petition on August 10, 2009, to which the Consumer Advocate filed its *Response* ("Response") on August 21, 2009. At the Status Conference, both parties argued their respective positions and reiterated comments from their pleadings. Relying most heavily on Tenn. Code Ann. Section 65-4-118(b)(1), the Consumer Advocate's statutory authority to intervene in any proceeding before the Authority, the Hearing Officer granted the Consumer Advocate's *Complaint and Petition to Intervene*.

On October 8, 2009, pursuant to instructions from the Hearing Officer, the Consumer Advocate filed its *Statement of Issues* and on October 9, 2009, filed the parties' *Agreed Proposed Procedural Schedule*. Also on October 9, 2009, Piedmont filed its *Response* to the Consumer Advocate's Issues List and Proposed Procedural Schedule. The Hearing Officer has reviewed the proposed issues list submitted by the Consumer Advocate and the comments of Piedmont

regarding such issues. In an effort to properly focus the parties on the pertinent issues of this case and properly prepare this matter for hearing before the panel, the Hearing Officer hereby adopts the following issues list:

- Issue 1. What is the most appropriate mechanism, or financial incentive, to insure that Piedmont's financial incentives are aligned with the state's energy conservation policy as set out in 2009 Public Act 531, Section 53?
- Issue 2. If such mechanism or incentive is adopted, what is the appropriate customer usage level and/or margin to be used as the benchmark for Piedmont's proposed decoupling mechanism?
- Issue 3. Prior to implementing a decoupling mechanism, should Piedmont's earnings be evaluated?
- Issue 4. Does the implementation of a decoupling mechanism lower the business risk for Piedmont, thereby justifying an adjustment to its rate of return? If so, what method or evaluation tools should be utilized to quantify an appropriate adjustment to the rate of return?
- Issue 5. Should Piedmont be required to meet specific, verifiable, measurable energy efficiency goals and/or benchmarks for any approved conservation programs?

In its *Statement of Issues*, the Consumer Advocate states that it reserves the right to submit additional issues should new information arise during the discovery phase. Due to the timeframe of the agreed-upon schedule, the broadness of the issues adopted, and the fact that the Consumer Advocate has had several months to review Piedmont's filing, the Hearing Officer concludes that the Consumer Advocate shall not be permitted to submit new issues subsequent to the issuance of this order, absent a showing of good cause.

The following agreed proposed procedural schedule is hereby approved and adopted:

October 15, 2009	First round of discovery requests¹
October 29, 2009	Response to first round of discovery requests
November 23, 2009	Direct Testimony of both parties
December 4, 2009	Rebuttal Testimony of both parties
December 9, 2009	Pre-hearing Conference (tentative)
December 14-15, 2009	Hearing on the Merits (tentative)

The Pre-hearing Conference will be set by the Hearing Officer and the Hearing will be set by the panel; a specific notice will announce the precise dates and times. If a discovery dispute arises, the parties are admonished to attempt to resolve it, and if a resolution can not be reached, then a motion to compel shall be filed with the Authority, and the Hearing Officer shall resolve such dispute at a specially set status conference. All direct testimony should include page and line numbers and state which specific issue (from the adopted list) is being addressed. In rebuttal testimony, please state the page and line number(s) of testimony being rebutted.

IT IS THEREFORE ORDERED THAT:

1. The July 31, 2009 *Petition to Intervene* of the Consumer Advocate is granted.
2. The issues list is adopted as stated herein.
3. The procedural schedule is established as stated herein.
4. All filings are due no later than **2:00 p.m.** on the dates indicated in the procedural schedule. One copy of all discovery requests, objections and responses shall be filed with the Authority.



Gary Hotvedt, Hearing Officer

¹ If more than the allotted number of first round discovery requests as permitted by rule are served and filed, a motion for permission to exceed the allotment provided by rule shall accompany such request(s), and unless an objection is timely lodged, such motion shall be deemed granted.