

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

**IN RE:**

**PETITION OF CHATTANOOGA GAS  
COMPANY FOR APPROVAL OF ITS  
RATES AND CHARGES,  
MODIFICATION OF ITS RATE DESIGN,  
AND REVISED TARIFF**

**DOCKET NO. 09-00183**

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**PROPOSED ISSUES LIST REGARDING THE IMPLEMENTATION OF THE STATE'S  
ENERGY CONSERVATION POLICY FOR REGULATED NATURAL GAS UTILITIES**

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Robert E. Cooper, Jr., Attorney General and Reporter for the State of Tennessee, by and through the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate"), respectfully submits the following proposed issues list for consideration by the Tennessee Regulatory Authority ("TRA", "Authority"). The proposed issues are focused on the implementation of the state's energy conservation policy as set out in 2009 Public Act 531, Section 53.

**INTRODUCTION**

A conservation policy for regulated natural gas and electric utilities in Tennessee is set forth in Public Chapter 531, which was enacted in 2009 by the Tennessee General Assembly. Section 53 of Public Chapter 531, which is codified within Tenn. Code Ann. § 65-4-126, provides as follows:

The general assembly declares that the policy of this state is that the Tennessee regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the authority has rate making authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provides 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.

In this rate case, CGC has proposed a decoupling mechanism and a series of conservation program proposals in an effort to comply with the state's new policy. Prior to the filing of CGC's rate petition, the Authority considered a proposal filed by Piedmont Natural Gas Company, Inc. in Docket 09-00104 intended to implement the state's new policy. In an effort to properly focus the parties in Docket 09-00104 on the pertinent issues, the Authority adopted an issues list.<sup>1</sup> Similarly, the Consumer Advocate proposes the following issue list, applicable in this docket, based on the issues adopted in Docket 09-00104.

- Issue 1.       What is the appropriate mechanism, or financial incentive, to insure that CGC's financial incentives are aligned with the state's energy conservation policy as set out in 2009 Public Act 531, Section 53?
- Issue 2.       Should CGC be required to meet specific, verifiable, measurable energy efficiency goals and/or benchmarks for any approved conservation programs?
- Issue 3.       Does the implementation of a decoupling mechanism lower the business risk for CGC, 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?

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<sup>1</sup> Docket 09-00104, *Order Granting Intervention, Determining Issues, and Establishing Procedural Schedule*, October 13, 2009, p. 2. The Consumer Advocate proposes to use the same issue list as that adopted by the Hearing Officer in Docket 09-00104 with the exception of the earnings review and bench-mark issue which are not applicable to Docket 09-00183.

The Consumer Advocate respectfully submits the proposed issues frame essential and focused questions for the Authority to consider for the implementation of the state's new conservation policy.<sup>2</sup>

RESPECTFULLY SUBMITTED,

ROBERT E. COOPER JR., (BPR# 010934)  
Attorney General and Reporter

A handwritten signature in black ink, appearing to read 'Ryan L. McGehee', is written over a horizontal line.

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Dated: March 2, 2010.

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<sup>2</sup> CGC has declined to join this filing in support of the proposed issues list.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Comments was served via U.S. Mail or electronic mail upon:

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This the 2 day of March, 2010.



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Ryan L. McGehee