

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

IN RE:)	
)	
PETITION OF CHATTANOOGA GAS)	
FOR GENERAL RATE INCREASE,)	DOCKET NO. 09-00183
IMPLEMENTATION OF THE)	
ENERGY SMART CONSERVATION)	
PROGRAMS, AND IMPLEMENTATION OF)	
A REVENUE DECOUPLING MECHANISM)	

STIPULATION OF THE CONSUMER ADVOCATE

Robert E. Cooper, Jr., the Attorney General and Reporter for the State of Tennessee, through the Consumer Advocate and Protection Division ("Consumer Advocate"), respectfully provides the following stipulation in regard to the Rate Base of Chattanooga Gas Company ("CGC") for the twelve months ended April 30, 2011 ("Attrition Period").

On November 16, 2009, CGC witness Ronald D. Hanson submitted Direct Testimony which stated that CGC's Attrition Period Rate Base was \$97,759,990. After reviewing CGC's position, Consumer Advocate witness Terry Buckner submitted Pre-Filed Testimony, calculating an Attrition Period Rate Base of \$93,931,707, for the reasons set forth therein. On April 5, 2010, Ronald D. Hanson submitted Direct Rebuttal Testimony which reduced CGC's calculated Rate Base to \$93,818,504. In light of CGC's newly stated position outlined in Mr. Hanson's Direct Rebuttal Testimony, the resulting variance between the Consumer Advocate and CGC's Rate Base is only \$113,203. Copies of the Rate Base Schedules of CGC and the Consumer Advocate are attached hereto as Exhibits 1 and 2.


Because of the immaterial variance between the Consumer Advocate and CGC's resulting Rate Base, the Consumer Advocate will stipulate to CGC's Rate Base in the amount of \$93,818,504, in order to expedite the hearing on the merits and avoid the unnecessary expense of resources and time by the parties and the TRA Staff. While the Consumer Advocate stipulates to CGC's resulting Rate Base, the Consumer Advocate does not stipulate to the individual calculations with which the Rate Base was determined. The Consumer Advocate maintains all positions asserted in their Pre-filed Direct Testimony as to the reasonableness and appropriateness of the individual items comprising the Rate Base, and retains the right to assert such positions in this and any future proceeding, including, but not limited to, the event that CGC attempts to cross-examine any Consumer Advocate witness on Rate Base issues in spite of the present stipulation.

In addition, per Mr. Hanson's Exhibit RDH-5 Schedule 1 (attached hereto as Exhibit 3), submitted on April 5, 2010, the Consumer Advocate and CGC are in agreement on the following Statement of Income items: Base Revenues, Other Revenues, Interest on Customer Deposits, and Taxes Other than Federal Income and State Excise. In order to expedite the Hearing on the Merits by narrowing the relevant issues, the Consumer Advocate agrees to refrain from presenting additional live testimony in regard to the above stated items of which the parties are in agreement. However, should CGC's position with regard to these Statement of Income items change, the Consumer Advocate maintains all positions asserted in their Pre-filed testimony and reserves the right to present such testimony at the Hearing on the Merits.

RESPECTFULLY SUBMITTED,

ROBERT E. COOPER JR., (BPR# 010934)

Attorney General and Reporter



MARY LEIGH WHITE (BPR# 26659)

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Senior Counsel

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Consumer Advocate and Protection Division

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Dated: April 8th, 2010.

CERTIFICATE OF SERVICE

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

Steven L. Lindsey, Vice President-Operations
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This the 8th day of April, 2010.



Mary Leigh White

Exhibit 1

Chattanooga Gas Company
Average Rate Base
For the Twelve Months Ending April 30, 2011 (Attrition Period)

Line No.		(1) Consumer Advocate (A)	(2) Adjustments	(3) (Columns 1 plus 2) Company
1	Utility Plant in Service	\$202,717,046		\$202,717,046
2	Construction Work In Progress	(189,090)		(189,090)
3	Postretirement Benefits Other than Pensions	248,501	9,095 (B)	257,596 (E)
4	Working Capital Requirement	13,090,905	393,128 (C)	13,484,033
		<u>\$215,867,362</u>	<u>\$402,223</u>	<u>\$216,269,585</u>
	Less:			
5	Accumulated Provision For Depreciation	\$96,370,052	\$113,022 (D)	\$96,483,074
6	Accumulated Deferred Income Taxes	23,770,564	402,406	24,172,970 (F)
7	Contributions in Aid of Construction	1,508,644		1,508,644
8	Customer Advance For Construction	286,394		286,394
9	Total Deductions	<u>\$121,935,654</u>	<u>\$515,427</u>	<u>\$122,451,081</u>
10	Rate Base	<u>\$93,931,708</u>	<u>-\$113,205</u>	<u>\$93,818,504</u>

(A) REVISED Consumer Advocate Exhibits Schedule 2 - Mr. Buckner

(B) Line 18 Column 3 minus Column 1

(C) Exhibit RDH-6 Schedule 2 Column 2 Line 11

(D) Workpaper 2 Column 20 Line 5

(E) Workpaper 1 Column 4 Line 44

(F) Workpaper 3 Page 1 Column 1 Line 20

Exhibit 2

Chattanooga Gas Company
Rate Base
For the Twelve Months Ended April 30, 2011

Line No.		A/ Consumer Advocate	B/ CGC	Difference
	Additions:			
1	Utility Plant in Service	\$ 202,717,046	\$ 198,761,734	\$ 3,955,312
2	Construction Work in Progress	(189,090)	4,655,182	(4,844,272)
3	Other	-	-	-
4	Working Capital	13,090,905	14,910,913	(1,820,008)
5	OPEBs	248,501	302,798	(54,297)
6		-	-	-
7	Total Additions	<u>\$ 215,867,362</u>	<u>\$ 218,630,627</u>	<u>\$ (2,763,265)</u>
	Deductions:			
8	Accumulated Depreciation	\$ 96,370,052	\$ 96,171,548	\$ 198,504
9	Contributions in Aid of Construction	1,508,644	1,561,644	(53,000)
10	Advances in Aid of Construction	286,394	286,394	-
11	Accumulated Deferred Tax	23,770,564	22,851,051	919,513
12	Other	-	-	-
13	Total Deductions	<u>\$ 121,935,654</u>	<u>\$ 120,870,637</u>	<u>\$ 1,065,017</u>
14	Rate Base	<u>\$ 93,931,707</u>	<u>\$ 97,759,990</u>	<u>\$ (3,828,282)</u>

A/ T. Buckner work paper, RB-SUM.

B/ CGC Direct Testimony, Exhibit RDH-3, Schedules 1-3.

Exhibit 3

Chattanooga Gas Company
Statement of Income with Proposed Rate Adjustment
Twelve Months Ended April 30, 2011 (Attrition Period)

Line No.	Description	(1) Consumer Advocate (A)	(2) Adjustments	(3) (Column 1+2) Company Update	(4) Proposed Rate Adjustments	(5) (Column 3+4) Total company Rate Adjustments
1	Revenues - Sales of Gas	87,662,634	\$0	\$87,662,634	\$2,248,376 (H)	\$89,911,010
2	Cost of Gas	58,634,548		58,634,548		58,634,548
3	Base Revenues	29,028,086	-	29,028,086	2,248,376	31,276,462
4	Other Revenues	686,066	-	686,066	9,356 (I)	695,422
5	AFUDC	\$210,828	28,631 (D)	239,457		239,457
6	Total Operating Revenues	29,924,978	28,631	29,953,609	2,257,732	32,211,341
7	Operation and Maintenance Expense	11,515,483	610,131 (E)	12,125,614	15,981 (J)	12,141,575
8	Depreciation Expense	5,201,431	111,480 (F)	5,312,911		5,312,911
9	Interest on Customer Deposits	132,216	-	132,216		132,216
10	Taxes Other than Federal Income and State Excise	3,581,242	-	3,581,242		3,581,242
11	Income Taxes	2,665,889	(271,821) (G)	2,394,068	879,335	3,273,403
12	Total Operating Expenses	\$23,096,261	\$449,789	\$23,546,050	\$895,296	\$24,441,346
13	Operating Income for Return	\$6,828,717	-\$421,159	\$6,407,558	\$1,362,437	\$7,769,995
14	Rate Base	(B) \$93,931,708		\$93,818,504		\$93,818,504
15	Rate of Return	(C) 7.27%		6.83%		8.28%

- (A) REVISED Consumer Advocate Exhibits Schedule 3 - Mr. Buckner
Revenues from Gas Sales equal total per Mr. Buckner Revised Exhibit 3 (\$88,348,700) less amount reclassified to Other Revenues per Mr. Peters (\$686,066).
- (B) REVISED Consumer Advocate Exhibits Schedule 2 Line 14 - Mr. Buckner
- (C) Line 13 divided by Line 14
- (D) Exhibit RDH-8 Line 26
- (E) Exhibit RDH-8 Line 23
- (F) Exhibit RDH-8 Line 24
- (G) Exhibit RDH-5 Schedule 4 Column 2 Line 23
- (H) Exhibit RDH-5 Schedule 2 Column 2 Line 12
- (I) Exhibit RDH-5 Schedule 2 Column 2 Lines 11 + 14
- (J) Exhibit RDH-5 Schedule 2 Column 2 Line 12 X RDH-5 Schedule 3 Column 3 Line 4