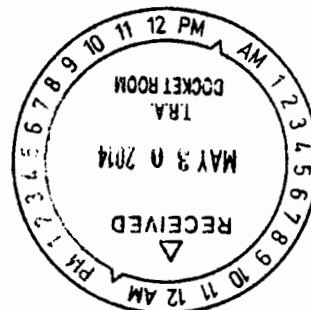


Jennifer L. Brundige
jbrundige@LunaLawNashville.com

May 30, 2014

Mr. David Foster, Chief
Utilities Division
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243



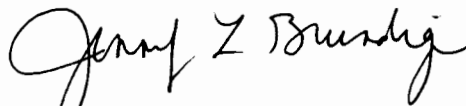
Re: Docket No. 09-000183

Dear Mr. Foster:

Pursuant to the Tennessee Regulatory Authority's November 8, 2010 Order in Docket 09-00183, Chattanooga Gas Company hereby files the enclosed report detailing the costs incurred with the programmable Thermostat Program and a detailed accounting of all money spent on the Education and Outreach Program for the period of April 1, 2013 – May 31, 2013 (when the trial period for the program ended). A copy of the report is being provided to the Consumer Advocate and Protection Division of the Office of Attorney General & Reporter.

Should there be any questions, please contact Archie Hickerson at 404-584-4570 or at ahickers@agresources.com.

Sincerely,


Jennifer L. Brundige

/cb

Enclosure

cc: Archie Hickerson
Cynthia Kinser, Deputy, CAPD

CHATTANOOGA GAS COMPANY

energySMART

REPORT TO
THE TENNESSEE REGULATORY AUTHORITY
DOCKET 09-00183

APRIL 1, 2013-May 31, 2013

MAY 31, 2014

Chattanooga Gas Company
Report to the Tennessee Regulatory Authority
On the energySMART Program for the Two Months Ended
May 31, 2013

On November 16, 2009 Chattanooga Gas Company (CGC or Company) filed a petition before the Tennessee Regulatory Authority (TRA or Authority) seeking approval to increase its rates and charges, implement a series of proposed energy conservation programs collectively referred to as energySMART, and to modify its rate design to include the Alignment and Usage Adjustment (AUA) revenue de-coupling mechanism and an energySMART Program Recovery Adjustment (ESPRA) Rider. As set forth in the Company's testimony, the energySMART proposal included:

- A Community Outreach and Customer Education Program;
- A Residential Free Programmable Thermostat Program;
- A Residential Low Income Weatherization Grants Program;
- A Residential Space Heating High Efficiency Furnace/Boiler Incentive Program;
- A Residential Tankless Water Heater Incentive Program;
- A Residential High Efficiency Storage Water Heater Program;
- A Commercial Food Service Equipment Incentive Program;
- A Commercial Space Heating Furnace/Boiler Incentive Program;
- A Commercial Tankless Water Heater Incentive Program;
- A Commercial High Efficiency Storage Water Heater Incentive Program; and
- A Commercial Booster Water Heater Incentive Program.

As explained in the testimony entered on behalf of the Company, one of the goals of energySMART is to reduce consumption of natural gas by encouraging behavioral and philosophical changes in CGC's customers that are sustainable and not merely driven by the price of natural gas. The AUA revenue de-coupling mechanism is designed to allow the Company the opportunity to recover its cost of service and earn its authorized rate of return while taking proactive measures specifically designed to encourage customers to reduce consumption. The (ESPRA) Rider was proposed for funding of the energySMART programs.

The Authority convened a contested case, Docket 09-00183, and conducted a public hearing on the merits of the Company's petition on April 12, 13, and 26, 2010. At the

regularly schedule TRA Conference on May 24, 2010¹ the Authority approved a rate increase and, on a three year trial basis, approved the revenue de-coupling mechanism (AUA) applicable to the Residential Customer and Small Commercial and Industrial General Service classes only, and a modified energySMART plan consisting of the Residential Free Programmable Thermostat Program and a limited Community Outreach and Customer Education program.

While the Authority approved the Residential Free Programmable Thermostat Program, it did not approve the Company's proposal to recover the funds for this program through the energySMART Rider, but directed that the program be funded from the revenue from non-jurisdictional transaction under CGC's Asset Management Agreement.

As explained in the testimony entered on its behalf, the Company proposed a Community Outreach and Customer Education Program with estimated expenditures of \$300,000 in the first year and gradually decreasing the next two years to a baseline level of approximately \$200,000. As proposed, CGC would fund up to \$100,000 of the costs incurred over the baseline amount during the first year, \$50,000 over the baseline in the second year, and \$25,000 over the baseline in the third year with the amount in excess of the \$175,000 from non-ratepayer funds being recovered through the (ESPRA) Rider. As proposed, CGC would utilize various methods of communication including newspapers, magazines, radio, television, billboards, digital media, direct mail and bill inserts to reach consumers, and develop literature to distribute directly to consumers by means of its own field service representatives, HVAC contractors, plumbers and other collaborative relationships to provide customer information and encourage customers to conserve and to use energy more efficiently. In its decision on May 24, 2010, the Authority adopted a less aggressive Community Outreach and Customer Education Program limiting the expenditures to \$150,000 annually during the three year trial period with the Company maintaining its commitments to funding \$100,000 in year one, \$50,000 in year two, and \$25,000 in year three as proposed in

¹ The written Order in docket 09-00183 was issued November 8, 2010.

its testimony. As with the thermostat program, the Authority directed that funding of the Community Outreach and Customer Education Program in excess of the Company's commitment be also be recovered from the asset management revenue.

At its May 24, 2010 Conference, the Authority also directed that during the three year trial period, the Company annually provide \$20,000, if available from the asset management gains, to be used to fund consumer-oriented research, and directed that the TRA Staff to work with the National Regulatory Research Institute ("NRRI") to establish a set of measures sufficient to evaluate the Programmable Thermostat and Community Outreach and Education Programs. The Authority directed that the Company file annual reports, concurrent with the Interruptible Margin Credit Rider (IMCR) reports, that include the details of the costs incurred with the programmable Thermostat Program, a detailed accounting of all money spent on its Community Outreach and Customer Education Program, and the program evaluation created by the TRA Staff with the assistance of the NRRI. The three year trial period ended May 31, 2013 and the program was terminated. Since Order provided that the annual reports were to be filed concurrently with the annual IMCR filing for the twelve months ended March 31 of each year, the cumulative report previously filed covered only thirty four of the thirty six months of the experimental period. This report included the months of April and May of 2013 that were not included in the report filed in May 2013.

Residential Free Programmable Thermostat Program

The demand for the programmable thermostats continued to exceed the Company's expectation. Based on the experience of other natural gas local distribution companies offering similar programs, CGC expected to receive requests for and to issue approximately 1,500 programmable thermostats per program year. However, during the first seven months after the program was initiated in September 2010, the Company received over 3,343 requests, and approved 3,196 applications for thermostats. This was over twice the number

anticipated during the first year and represented approximately 6% CGC's customer that were eligible to receive the free thermostats.

During the second reporting year, the level of requests for the thermostats declined from that experienced during the first seven months of the program, but the 1,794 thermostats that were issued for the twelve months ended March 31, 2012 again exceeded the 1,500 anticipated. During the third year, the requests for the programmable thermostats increased to 2,466. During the last two month of the program covered by this report, 742 requests for thermostats were received.

The table below shows the number of requests and the number of thermostats issued for each month from September 2010-May 31, 2013 when the program terminated.

**CGC Free Thermostat Program
Sept 2010 - March 2011**

Month Requested	Approved/ Processed	Cancelled	Denied	Total Requests
Sep-10	32	4		36
Oct-10	1,227	22	1	1,250
Nov-10	903	12	15	930
Dec-10	537	25	27	589
Jan-11	299	18	14	331
Feb-11	100	1	3	104
Mar-11	98	3	2	103
Total Sept 2010-March 2011	3,196	85	62	3,343

April 2011-March 2012

Month Requested	Approved/ Processed	Cancelled	Denied	Total Requests
Apr-11	143		11	154
May-11	128	4	7	139
Jun-11	55	2		27
Jul-11	43	1		44
Aug-11	57	4		61
Sep-11	73			73
Oct-11	243	3	1	247
Nov-11	583	13	4	600
Dec-11	232	4	1	237
Jan-12	134	1	4	139
Feb-12	62		1	63
Mar-12	41			41
Total April 2011-March 2012	1,794	32	29	1,825

April 2012-March 2013

Month Requested	Approved/ Processed	Cancelled	Denied	Total Requests
Apr-12	42	1	0	41
May-12	95	4	3	88
Jun-12	115	0	3	112
Jul-12	59	2	0	57
Aug-12	89	0	0	87
Sep-12	64			64
Oct-12	44			44
Nov-12	34			34
Dec-12	64			64
Jan-13	217			217
Feb-13	958			958
Mar-13	685			685
Total April 2012-March 2013	2,466	9	6	2,451

April 2013-May 2013

Month Requested	Approved/ Processed	Cancelled	Denied	Total Requests
Apr-13	450	0	0	450
May-13	292	0	0	292
Total April 2012-May 2013	742	0	0	742
Total September 2010-May 2013	8,198	126	97	8,361

As of May 31, 2013, approximately 15% of CGC's eligible customers had requested programmable thermostats.

The total cost of the program for the period of April-May 2013 was \$29,045.55. Of that total \$14,431.90 was for the purchase of the thermostats (742units X \$19.45/ unit) **with the remaining \$14,613.65 incurred to** process the applications and to store, pack, and ship the thermostats. The average cost per unit issued for the two months ended May 31, 2013 was\$39.14 (\$29,045.55/742 units=\$39.14/unit). The detailed accounting is provided on Exhibit A.

Community Outreach and Customer Education

The Community Education and Outreach plan evolved since initiated in 2010 and has resulted in CGC reaching all of its customers through various outreach and education efforts. The outreach effort was centered on two messages:

1. CGC residential customers were qualified to receive one free programmable thermostat per 12-month period.
2. Energy conservation-not just around natural gas but around all energy resources-is better for the environment and those saving translate into lower energy use and therefore lower energy bills.

The Company has used customer bill inserts, on-bill messages, social media, outdoor boards, online and print advertisements and radio advertising to promote the thermostat program. Depending on the media, either the thermostat program or energy conservation was the primary message, with

other secondary messages. For instance, although the thermostats only were available to CGC customers, radio advertising promoted both the energy saving provided by the device (primary message) and reinforced the good decision to reduce residential energy use (secondary message). The outreach efforts gave Company representatives the opportunity to talk with homeowners and business owners about the benefits of energy conservation and its importance to the environment, and provided both phone and Internet contact information for those people to learn additional energy conservations tips or more about the CGC energySMART program. Additionally, the program leveraged relationships with community non-profits, contractors and builders and Company representatives. Those partnerships, in particular agreements with the Tennessee Aquarium and Chattanooga Creative Discovery Museum, capitalized on the considerable credibility and audience each non-profit has (several hundred thousand collectively) and their commitment to environmental initiatives. Through these partnerships, CGC was able to educate thousands more stakeholder about energy conservation that would otherwise been possible.

During the period of April 1, 2013-May 31, 2013 the Company incurred \$27,546.84 in its Community Outreach and Customer Education. \$21,515² is being recovered from the Asset Management Revenue. A detailed accounting of the Community Outreach and Customer Education program for the 2 months ended May 31, 2013 is provided in Attachment B. Samples of the energySMART messaging are included in Attachment C.

Research and Development

At its May 24, 2010 Conference, the Authority directed that during the three year trial period, the Company annually provide \$20,000, if available from the asset management gains, to be used to fund consumer-oriented research. As a result, CGC is participated in funding the Microscale Absorption Cooling System Development project being conducted by the Georgia Tech Research

² In Docket 09-00183, CGC committed to not seek recovery of \$100,000 of the Outreach and Customer Education Program expenditures during the first year of the program, (June 1, 2010-May 31, 2011), not to seek recovery of \$50,000 during the second year of the program, (June 1, 2011-May 31, 2012), and \$25,000 for the third year, (June 1, 2012-May 31, 2013). The 2 months ended May 31, 2013 were the last 2 months of the program year 3. The total recoverable cost for the last year was limited to \$125,000 (\$150,000-\$25,000=\$125,000), therefore the amount allowed for the two months (April and May) was \$20,833. ($2/12 \times 125,000 = \$20,822$). Program cost of \$681 cost for the period of April 1, 2011-March 31, 2012 that was inadvertently excluded from that years report is included on the summary.

Corporation. The goal of project, that was completed by April 2013, was to develop a prototype microscale absorption (heat pump) cooling system with a 2 ton (7KW) cooling capacity, offering an efficient alternative to traditional air conditioning technologies. The finished product will have a variety of end uses such as residential and commercial space-conditioning; combined cooling, heating, and power (CCHP); diesel engine, waste-heat driven cooling; and automotive or transportation cooling.

The primary market needs in this arena are access to a compact, energy efficient space-conditioning heat driven system that minimizes the use of electricity, especially during peak load periods, and uses environmentally benign fluids. In addition, the system must be functional with minimal operator intervention while achieving overall efficiencies that provide lower operating cost compared to traditional cooling options. The finished product represents a significant size, mass and material cost reduction from currently available technologies with the ability to be scaled to the conditioning size required by the end user.

Program Evaluation

The TRA Staff, with the assistance of the NRRI, has not yet established a set the measures to be used to evaluate the Free Programmable Thermostat, and Community Outreach and Education Programs. However, the Company, with cooperation with the Staff, negotiated a contract for the NRRI to provide assistance to the Staff as directed in the November 10, 2010 Order in Docket 09-00183. It is anticipated that the project will be completed this year. The Since the evaluation measures have not yet been developed, CGC is providing as alternative, the internally developed analysis of the program included in Attachment D for the benefit of the Authority and its Staff.

CHATTANOOGA GAS COMPANY
energySMART

REPORT TO
THE TENNESSEE REGULATORY AUTHORITY
DOCKET 09-00183

APRIL 1, 2013-MAY 31, 2013

ATTACHMENT A

energySmart Programmable Residential Thermostat Program
Detailed Accounting
Summary

Chattanooga Gas Company
energySMART Residential Thermostat Program
Cost

CGC Free Thermostat Program				
April 2012-March 2013				
Month Requested	Approved/ Processed	Cancelled	Denied	Total Requests
Apr-13	450	0	0	450
May-13	292	0	0	292
Total April 2013-May 2013	742	0	0	742

Thermostats Issued through April 2011-March 31, 2012	742
Cost of Purchase/Thermostat	\$19.45
Cost of Thermostats Processed	\$14,431.90
Processing and storage	\$14,613.65
Total to be recovered	\$29,045.55
Total per unit issued	\$39.14

Cancelled = duplicate requests

Denied = subsequent request from same customer during program year

CHATTANOOGA GAS COMPANY
energySMART

REPORT TO
THE TENNESSEE REGULATORY AUTHORITY
DOCKET 09-00183

ATTACHMENT A-1

energySmart Programmable Residential Thermostat Program

Detailed Accounting

APRIL 1, 2013-MAY 31, 2013

CHATTANOOGA GAS COMPANY ATTACHMENT A-1
energySMART Residential Thermostat Program
Detailed Accounting

Voucher ID	Pay Date	Account	Dept	Project ID	Amount	Description	Vendor Name
08047870	4/13/2013	159001	8000	043373	\$ 2,471.45	Rebate processing - Chattanooga	INTEGRATED RESOURCE SOLUTIONS
45345753	4/13/2013	159001	8000	043373	29,175.00	1F78-151 Thermostats for Tenne	FOX APPLIANCE PARTS OF ATLANTA
29681960	5/13/2013	159001	8000	043373	1,464.21	BLANKET REQUEST FOR DISTRIBUTI	EMPLOYMENT HORIZONS
08048105	5/13/2013	159001	8000	043373	1,691.55	Rebate processing - Chattanooga	INTEGRATED RESOURCE SOLUTIONS
29687438	6/13/2013	159001	8000	043373	793.00	BLANKET REQUEST FOR DISTRIBUTI	EMPLOYMENT HORIZONS
29687439	6/13/2013	159001	8000	043373	1,135.35	BLANKET REQUEST FOR DISTRIBUTI	EMPLOYMENT HORIZONS
29688089	6/13/2013	159001	8000	043373	790.83	BLANKET REQUEST FOR DISTRIBUTI	EMPLOYMENT HORIZONS
08048489	6/13/2013	159001	8000	043373	1,788.10	Rebate processing - Chattanooga	INTEGRATED RESOURCE SOLUTIONS
08048857	7/13/2013	159001	8000	043373	1,149.70	Rebate processing - Chattanooga	INTEGRATED RESOURCE SOLUTIONS
29694685	7/13/2013	159001	8000	043373	489.38	BLANKET REQUEST FOR DISTRIBUTI	EMPLOYMENT HORIZONS
45354600	7/13/2013	159001	8000	043373	66.15	THERMOSTATS	EMPLOYMENT HORIZONS
45354600	7/13/2013	159001	8000	043373	454.23	US POSTAGE	EMPLOYMENT HORIZONS
45354600	7/13/2013	159001	8000	043373	23.52	EVNELOPES	EMPLOYMENT HORIZONS
45354600	7/13/2013	159001	8000	043373	31.61	MAILING AND POSTAGE LABELS	EMPLOYMENT HORIZONS
08049221	8/13/2013	159001	8000	043373	917.50	Rebate processing - Chattanooga	INTEGRATED RESOURCE SOLUTIONS
45361901	8/13/2013	159001	8000	043373	3.09	US POSTAGE	EMPLOYMENT HORIZONS
45361901	8/13/2013	159001	8000	043373	0.45	THERMOSTATS	EMPLOYMENT HORIZONS
45363688	9/13/2013	159001	8000	043373	0.90	THERMOSTATS	EMPLOYMENT HORIZONS
45363688	9/13/2013	159001	8000	043373	0.32	EVNELOPES	EMPLOYMENT HORIZONS
45363688	9/13/2013	159001	8000	043373	0.43	MAILING AND POSTAGE LABELS	EMPLOYMENT HORIZONS
45363688	9/13/2013	159001	8000	043373	6.18	US POSTAGE	EMPLOYMENT HORIZONS
08049568	9/13/2013	159001	8000	043373	914.70	Rebate processing - Chattanooga	INTEGRATED RESOURCE SOLUTIONS
45366269	9/13/2013	159001	8000	043373	4,972.30	1F78-151 Thermostat for Chatta	FOX APPLIANCE PARTS OF ATLANTA
					\$ 48,339.95		
Less Thermostats					\$ 33,726.30		
Administrative Cost					\$ 14,613.65		
Thermostats							
					1,500 \$ 19.45 \$ 29,175.00		
					234 \$ 19.45 4,551.30		
					\$ 33,726.30		

CHATTANOOGA GAS COMPANY
energySMART

REPORT TO
THE TENNESSEE REGULATORY AUTHORITY
DOCKET 09-00183

APRIL 1, 2013-MAY 31, 2013

ATTACHMENT B

energySmart Community Outreach and Customer Education
Detailed Accounting
Summary

Chattanooga Gas Company
IMCR Credit Rider Sharing for Two Months Ended May 31, 2013
Community Outreach and Customer Education Cost

Cost April 1, 2013-May 31, 2013

Other Outreach and Education Costs 4/1/2013-5/31/2013 \$ 27,546.84

	Annual	Per Month	
Annual Limit	\$150,000	\$12,500	
No of Months June 1, 2011-March 31, 2012		<u>2</u>	
Maximum Allowed 4/1/2013-5/31/2013			\$25,000
 Non-Ratepayer funds for 3rd Yr per docket 09-00183	\$25,000	\$2,083	
No of Months April 1, 2013-May 31, 2013		<u>2</u>	
Non Ratepayer funded April 1, 2013-May 31, 2013			<u>\$4,167</u>
Allowable Recovery April 1-2013-May 31, 2013			\$20,833.33
 Recoverable Cost Year April 1, 2011-March 31, 2012 not previously reported			<u>681.45</u>
Total Recoverable			<u>\$21,514.78</u>

CHATTANOOGA GAS COMPANY
energySMART

REPORT TO
THE TENNESSEE REGULATORY AUTHORITY
DOCKET 09-00183

APRIL 1, 2013-MAY 31, 2013

ATTACHMENT B-1

energySmart Community Outreach and Customer Education
Detailed Accounting
By Month

Chattanooga Gas Company
MCR Credit Rider Sharing for Two Months Ended May 31, 2013
Community Outreach and Customer Education Cost

Voucher ID	Month	Account	Dept	Project ID	Amount	Description	Vendor Name
45344543	Apr-13	159001	8000	043607	\$ 1,997.50	THERMOSTAT	CITADEL BROADCASTING CHATTANOOGA
45344542	Apr-13	159001	8000	043607	2,295.00	THERMOSTAT	CITADEL BROADCASTING CHATTANOOGA
45344535	Apr-13	159001	8000	043607	2,754.00	MF	WDEF-TV, INC
45344527	Apr-13	159001	8000	043607	2,965.34	WEB	CHATTANOOGA TIMES FREE PRESS
45344221	Apr-13	159001	8000	043607	2,397.00	SERVICES	BREWER BROADCASTING
29675974	Apr-13	159001	8000	043607	434.00	INSTALLATION FLYER	ELANDERS USA
29675990	Apr-13	159001	8000	043607	3,825.00	NET SPOT BILLING	CLEAR CHANNEL BROADCASTING
45349907	May-13	159001	8000	043607	2,587.00	PRINTED 4 COLOR	A J IMAGES, INC
45349906	May-13	159001	8000	043607	398.00	SHIPPING	A J IMAGES, INC
45335717	Jan-13	159001	8000	043607	3,947.00	PRINTED 4 COLOR	A J IMAGES, INC
45349939	May-13	159001	8000	043607	3,947.00	PRINTED 4 COLOR	A J IMAGES, INC

Total April 2013-May 2013

\$ 27,546.84

Cost applicable to prior years

Voucher ID	Month	Account	Dept	Project ID	Amount	Description	Vendor Name
29585786	Jan-12	159001	8000	043607	\$ 261.43	SALE SHEETS	ELANDERS USA
29597391	Feb-12	159001	8000	043607	379.62	INSTALLATION FLYER	ELANDERS USA
29597391	Feb-12	159001	8000	043607	40.40	ALTERATIONS	ELANDERS USA

\$ 681.45

CHATTANOOGA GAS COMPANY
energySMART

REPORT TO
THE TENNESSEE REGULATORY AUTHORITY
DOCKET 09-00183

APRIL 1, 2013-MAY 31, 2013

ATTACHMENT C

SAMPLES OF THE ENERGYSMART MESSAGING

October is Energy Awareness Month!

Cut your energy use at home.

[Learn more](#)



Get a FREE Programmable Thermostat
and save up to 10% a year on your home energy costs.

Take control of
your heating bills

[Learn more](#)

energySMART
A Chattanooga Gas program



**Hurry! Claim Your
FREE Programmable
Thermostat Now.**

Offer ends May 31

[Learn more](#)



A FAMILY NIGHT OUT...ON US

Dear %%FIRSTNAME%%,

Join us for Chattanooga Gas Free Family Nights at the Creative Discovery Museum!

Every second Thursday of each month, 5:30 – 8 p.m.

Gather up your family and come out to a free evening of art lessons, science demonstrations, energy education and more! While you're there, enter for a chance to win a free museum membership.

Families can make a splash in RiverPlay...create a masterpiece in Arts Alley... and dig the dinos in Excavation Station – all for free!

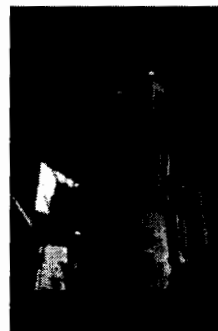
Sign up now or remember to bring a copy of your Chattanooga Gas bill -- or your account number if you are a paperless billing customer -- so you can apply for your free thermostat while you're at the museum!

REQUEST YOURS TODAY!

Another Way to Go Green
Paperless Billing

Call Before You Dig!

What a great time to get



A Resolution That's Easy to Keep

In 2013, make it your resolution to conserve energy. You'll reduce your carbon footprint and save money on your energy bills! It's easy to do, and even the smallest of changes can make a **BIG** difference!

Stoves

- When you're cooking, adjust the flame to fit the bottom of the pot or pan. Turning up the flame beyond the bottom only wastes energy.

Sinks and Showers

- Fix leaky faucets. Hot water leaking at a rate of 1 drip per second can waste up to 1,661 gallons of water over the course of a year, and waste up to \$35 in energy costs.

Washers and Dryers

- Use a water-level setting that matches the size of the load you're washing.
- Don't over-dry clothes. Use the automatic moisture control if your dryer has one, or select the appropriate amount of time on the automatic timer.

Water Heaters and Furnaces

- Lower the temperature setting on your water heater to 120 degrees.
- Clean or replace all filters at least once per month. Dirty filters restrict airflow and can cause your HVAC system to run longer, increasing energy use.
- Install a programmable thermostat to automatically adjust the temperature each day, and lower the temperature when no one is home.

FREE PROGRAMMABLE THERMOSTAT

Let us help you make this resolution a reality with a **FREE** programmable thermostat! When used properly, a programmable thermostat can save up to \$180 a year in energy costs.

Visit chattanoogagas.com/energysmart today to sign up for yours!



FREE PROGRAMMABLE THERMOSTAT

Dear %%FIRSTNAME%%,

Chattanooga Gas is offering a FREE programmable thermostat through our energySMART program.

Regulating your heating and cooling with a programmable thermostat can help you better control your energy expenses. According to the U.S. Department of Energy, by using the recommended manufacturer settings, you can save up to \$180 a year on your heating and cooling bills.

Your FREE programmable thermostat will arrive within eight weeks, and includes simple installation and programming instructions.

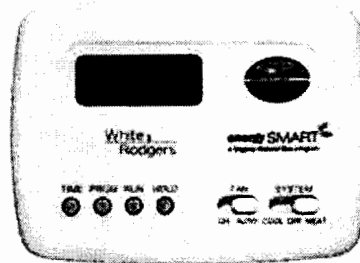
GET YOURS TODAY!

No Power? No Problem!

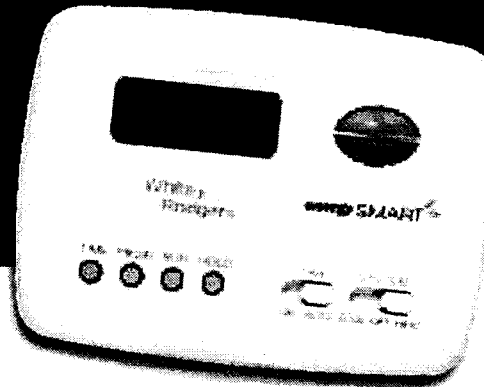
When severe weather hits and you lose power, remember that your natural gas appliances, like water heaters and ranges, will still work.

Bill Payments Made Easy and Affordable

Paying your bill has never been easier with our AutoDraft Plan and Budget



energySMART
A Chattanooga Gas program



HOW CAN YOU PASS UP FREE? THE ANSWER IS YOU CAN'T, OF COURSE!

Chattanooga Gas is offering a **FREE** programmable thermostat through our energySMART program.

Regulating your heating and cooling with a programmable thermostat can help you better control your energy expenses. According to the U.S. Department of Energy, by using the recommended manufacturer settings, you can save up to \$180 a year on your heating and cooling bills.

There are two ways to take advantage of this special offer:

- Visit chattanoogagas.com/energysmart and apply online.
- Call **866.643.4169 (option 3)**.

Your **FREE** programmable thermostat will arrive within eight weeks, and includes simple installation and programming instructions.

KEEP SAVING ENERGY

Energy conservation does not have to end with your free programmable thermostat. You can conserve energy and save on your energy bills by weatherizing your home, upgrading your water heater or heating system to a new energy efficient model. Energy efficient appliances can reduce your natural gas consumption and help you save money on your energy bill.



Una resolución fácil de mantener

En 2013, haga de conservar la energía una resolución. ¡Reducirá su huella de carbono y ahorrará dinero en sus facturas de energía! Es fácil de hacer, y hasta el más pequeño de los cambios puede lograr una **GRAN** diferencia.

Cocinas

- Cuando cocine, ajuste la llama para que cubra la parte inferior de la olla o cacerola. Incrementar la llama tanto que sobrepase la parte inferior sólo le hará gastar energía.

Lavamanos y duchas

- Repare los grifos con pérdidas. Una pérdida de agua caliente de 1 gota por segundo puede desperdiciar hasta 1,661 galones de agua durante un año y hasta \$35 de costo de energía.

Lavadoras y secadoras

- Use la configuración de nivel de agua que corresponda al tamaño de la carga que va a lavar.
- No seque excesivamente la ropa. Use el control de humedad automático, si su lavadora tiene esa función, o seleccione el tiempo apropiado en el temporizador automático.

Calentadores de agua y sistemas de calefacción

- Disminuya la configuración de temperatura en su calentador de agua hasta 120 grados.
- Limpie o reemplace todos los filtros al menos una vez al mes. Los filtros sucios obstruyen el flujo de aire y pueden hacer que su sistema HVAC (la calefacción, ventilación y aire acondicionado) funcione durante más tiempo, lo que aumenta el consumo de energía.
- Instale un termostato programable para ajustar la temperatura de manera automática cada día, y disminuya la temperatura cuando no haya nadie en casa.

TERMOSTATO PROGRAMABLE GRATUITO

¡Permítanos ayudarle a hacer que esta resolución sea una realidad con el termostato programable **GRATUITO**! Si lo usa adecuadamente, el termostato programable puede ahorrar hasta \$180 de costo de energía por año.

¡Visite chattanoogagas.com/energysmart para solicitar el suyo!

CHATTANOOGA GAS COMPANY

energySMART

REPORT TO
THE TENNESSEE REGULATORY AUTHORITY
DOCKET 09-00183

APRIL 1, 2013-MAY 31, 2013

ATTACHMENT D
PROGRAM EVALUATION

Chattanooga Gas Company
energySMART Free Thermostat Program
Cost Benefit Analysis Summary

Assumptions

Discount Rate	7.41%
Inflation Rate	2.46%
Measure Life	15 Years
Program Years	4 Years
Cost to the Participant	\$ 35
Non-Company Rebate	\$ 0
Annual Energy Savings in Therms	-17.9
Cost to the Utility per Participant	\$ 18.81
Overhead per Participant	\$ 8.95
Total Number of Participants (3 + Years)	7,906
Total Program Cost (3 + Years)	\$ 227,621

PARTICIPANTS TEST

Benefits:		
Bill Reductions, Primary Fuel (AC)	\$	514,357
Incentives	\$	142,966
Bill Reductions, Alternate Fuel (AC)	\$	0
Avoided Cost, Alternate Fuel Equipment	\$	0
Total Benefits	\$	657,323
Costs:		
Participant Costs	\$	266,088
Bill Increases, Primary Fuel (AC)	\$	5,603
Bill Increases, Alternate Fuel (AC)	\$	0
Total Costs	\$	271,690
Net Benefit	\$	385,633
Benefit/Cost Ratio		2.42

RATE IMPACT MEASURE TEST

Benefits:		
Avoided Cost, Primary Utility (MC)	\$	440,698
Revenue Gains, Primary Utility (AC)	\$	5,603
Avoided Cost, Alternate Fuel (MC)	\$	0
Revenue Gains, Alternate Utility (AC)	\$	0
Total Benefits	\$	446,301
Costs:		
Primary Utility Increased Cost (MC)	\$	4,914
Alternate Utility Increased Cost (MC)	\$	0
Revenue Loss, Primary Utility (AC)	\$	587,327
Utility Cost	\$	64,889
Incentives	\$	142,966
Revenue Loss, Alternate Utility (AC)	\$	0
Total Costs	\$	800,095
Net Benefit	\$	(353,795)
Benefit/Cost Ratio		0.56

MC = Calculation Based on Utility Marginal Cost
AC = Calculation Based on Utility Average Cost

TOTAL RESOURCE COST TEST

Benefits:		
Avoided Cost, Primary Fuel Utility (MC)	\$	440,698
Avoided Cost, Alternate Fuel (MC)	\$	0
Avoided Cost, Alternate Fuel Equipment	\$	0
Total Benefits	\$	440,698
Costs:		
Utility Cost	\$	64,889
Participant Costs	\$	266,088
Primary Utility Increased Cost (MC)	\$	4,914
Alternate Utility Increased Cost (MC)	\$	0
Total Costs	\$	335,890
Net Benefit	\$	104,808
Benefit/Cost Ratio		1.31

PROGRAM ADMINISTRATOR TEST

Benefits:		
Avoided Cost, Primary Fuel Utility (MC)	\$	440,698
Avoided Cost, Alternate Fuel Utility (MC)	\$	0
Total Benefits	\$	440,698
Costs:		
Incentives	\$	142,966
Primary Utility Increased Cost (MC)	\$	4,914
Primary Utility Cost	\$	64,889
Alternate Utility Increased Cost (MC)	\$	0
Alternate Utility Cost	\$	0
Total Costs	\$	212,769
Net Benefit	\$	227,930
Benefit/Cost Ratio		2.07

MC = Calculation Based on Utility Marginal Cost
AC = Calculation Based on Utility Average Cost