

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

February 7, 2013

IN RE:

**COMPLAINT OF CONOCOPHILLIPS COMPANY
FOR AN ORDER DETERMINING
CONOCOPHILLIPS NOT LIABLE FOR PENALTIES)
AND CHARGES ASSESSED BY CHATTANOOGA
GAS COMPANY, OR, IN THE ALTERNATIVE,
PETITION FOR SPECIAL RELIEF**

Docket No. 11-00210

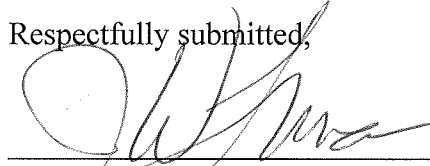
**CHATTANOOGA GAS COMPANY'S RESPONSE
TO CONOCOPHILLIP'S PETITION FOR RECONSIDERATION**

On February 6, 2013, ConocoPhillips Company ("COP") filed a Petition for Reconsideration of the Tennessee Regulatory Authority's ("TRA") Order Denying Settlement Agreement entered on January 23, 2013. Chattanooga Gas Company ("CGC") continues to believe that the Proposed Settlement Agreement filed on August 27, 2012 is an appropriate resolution of this matter that benefits CGC's customers and is not a waiver of CGC's tariff.

The matter before the TRA is unique in that it involves the only special contract that CGC has on its system. In an effort to avoid protracted litigation and appeals and the associated costs which are ultimately borne by CGC's customers, CGC after several months of negotiations with COP and the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate") agreed to enter into the Proposed Settlement Agreement. CGC agreed to do so upon structuring a settlement arrangement that does not contravene, nor constitute a waiver of, CGC's tariff. Rather, the Proposed Settlement Agreement is based on the TRA-approved 1999 Contract between Invista (as the successor in interest to E. I. du Pont de

Nemours Company) and CGC, which allows Invista to purchase natural gas from CGC. As explained in the Proposed Settlement Agreement, the volumes of gas in dispute have been re-characterized as sales volumes pursuant to the terms of the 1999 Contract. See ¶ 14.A. of the Proposed Settlement Agreement (Aug. 27, 2012). Thus, the Proposed Settlement does not violate nor waive any of CGC's tariff provisions. This settlement structure allows CGC's residential and commercial customers to recover all costs associated with COP's unintentional nomination mistake, including the costs associated with utilizing the LNG facility. Additionally, the proposed amendment to the 1999 Contract which is part of the Proposed Settlement Agreement should eliminate the potential for future disputes if Invista/COP should make a nomination error going forward.¹

Respectfully submitted,



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¹ At all times concerning this matter, CGC has acted appropriately and in accordance with the terms and conditions of its tariff. If the TRA chooses not to reconsider its decision, CGC is ready to vigorously defend its actions.

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing forwarded via email and U.S. Mail, postage pre-paid, on this the 7th day of February, 2013, to the following:

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