

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

JULY 29, 1999

IN RE:	)	
APPLICATION OF UNITED CITIES GAS	)	
COMPANY TO ESTABLISH AN	)	DOCKET NO. 95-01134
EXPERIMENTAL PERFORMANCE-BASED	)	now DOCKET NO. 97-01364
RATEMAKING MECHANISM	)	

**ORDER DENYING CONSUMER ADVOCATE DIVISION'S TENN. CODE ANN.
§ 4-5-313 (6) REQUEST**

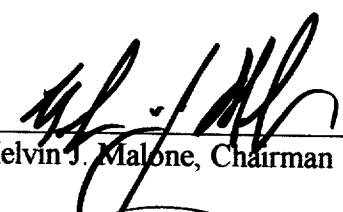
This matter came before the Tennessee Regulatory Authority (hereafter the "Authority") on March 16, 1999, for consideration of the Consumer Advocate Division of the Tennessee Attorney General's Office's (hereafter the "Consumer Advocate") Tenn. Code Ann. § 4-5-313 (6) Request which was filed on February 26, 1999.

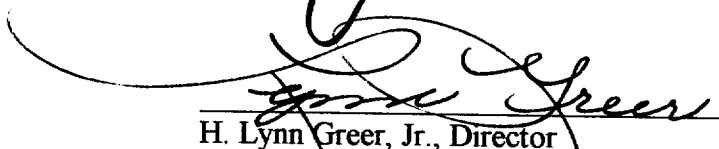
At a regularly scheduled Authority Conference on February 16, 1999, the Authority rendered its decision on the Phase Two issues of United Cities Gas Company's (hereafter "United Cities" or the "Company") Application to Establish an Experimental Performance-Based Ratemaking Mechanism (hereafter "PBR"). The Authority approved the PBR mechanism on a going forward basis with the caveat that before any transactions between the Company and any affiliate could be included in the computation of incentive earnings from the PBR mechanism, those transactions must comply with the set of affiliate guidelines adopted by the Authority at the Conference.

In the February 26, 1999, filing, the Consumer Advocate states that the Tennessee Regulatory Authority notified the parties that it would officially notice documentation relating to affiliate transaction practices for United Cities Gas and requests that the affiliate guidelines adopted by the Authority be modified. The Authority adopted the affiliate guidelines in question as a part of its approval of United Cities' PBR and did not notice the affiliate guidelines for comment or response. After considering the foregoing, the Directors voted unanimously to deny the Request of the Consumer Advocate.

IT IS, THEREFORE, ORDERED THAT:

1. The Consumer Advocate's Tenn. Code Ann. § 4-5-313 (6) Request is denied;
2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from the date of this Order; and


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary