

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION  
May 3, 1996 Nashville, Tennessee

IN RE: APPLICATION OF UNITED CITIES GAS COMPANY TO  
ESTABLISH AN EXPERIMENTAL PERFORMANCE-BASED  
RATEMAKING MECHANISM

DOCKET NO. 95-01134

O R D E R

This matter involves an application of United Cities Gas Company (United Cities or Company) to implement an experimental performance-based ratemaking mechanism. This application was approved, subject to certain conditions, by this Commission's Order of May 12, 1995. One of the conditions imposed by said Order was that the Company should contract with an independent consulting firm to review this mechanism and report to the Commission annually during this experimental two-year period. Guidelines were set forth in said Order for the reports of said independent consultant.

On October 31, 1995, Mark G. Thessin, Vice President Regulatory Affairs, for United Cities submitted for the Commission's approval a contract for these independent consulting services with Consulting & Systems Integration (C&SI). Mr. Thessin's letter of October 31 requested that the Commission consider and approve said contract. Under date of November 3, 1995, the Commission received a Memorandum from William H. Novak, Manager, Energy & Water Section, Utility Rate Division, also

submitting said contract and recommending that the Commission approve C&SI as the consultant.

The Commission considered this matter at its regularly scheduled Commission Conference on November 7, 1995. The Commission was of the opinion that the Staff's recommendation was appropriate and the contract should be approved.

The C&SI contract approved by the Commission provided that the actual work would be done by one of their principals, Frank Creamer. Subsequent to this action, United Cities informed the Commission that Mr. Creamer had left C&SI and joined Andersen Consulting. C&SI did not have any other personnel qualified to perform this work. Andersen Consulting, however, has agreed to have Mr. Creamer perform the work under the same terms as the C&SI contract previously approved. United Cities therefore requested that Andersen Consulting be substituted for C&SI.



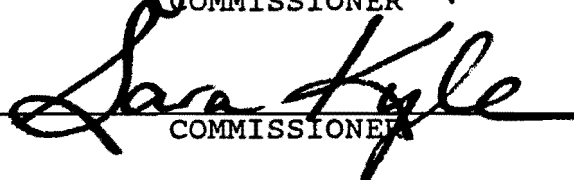
The Commission further considered this matter at its regularly scheduled Commission Conference on February 20, 1996, upon the Staff's recommendation that the substitution described above be allowed. The Commission was of the opinion that the Staff's recommendation was appropriate and should be approved.

IT IS, THEREFORE, ORDERED:


1. That United Cities contract with C&SI dated August 21, 1995, and submitted to the Commission as aforesaid be, and the same is, hereby approved, with the exception that Andersen Consulting is substituted for C&SI. All other terms of the contract shall remain the same.

2. That any party aggrieved with the Commission's decision in this may file a Petition for Reconsideration with the Commission within ten (10) days from and after the date of this Order; and

3. That any party aggrieved with the Commission's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

  
CHAIRMAN  
  
COMMISSIONER  
  
COMMISSIONER

ATTEST:



EXECUTIVE DIRECTOR