

A motion for review of my initial Order dated July 9, 1999, has been filed.

The motion for review states that "before a company can recover any margin loss, it must first have placed reduced rates into effect by either a tariff or an approved special contract." The motion further states that during the rehearing Nashville Gas abandoned its reliance on Rate Schedule # 9, therefore, there was never a "filed and approved special contract". Let me make very clear that the proposal to remove Rate Schedule 9 from consideration originated with Nashville Gas' attorney, Jerry Amos (see April 15 transcript page 8, lines 13 - 17). It was obvious at the hearing that NGC desired to amend its pending petitions. As Hearing Officer, I determined that due to the Authority's previous disallowance of the Company's reliance on Rate Schedule 9 in the January 22, 1999, orders, the Company should be allowed to amend its pending petition. My legal authority for allowing NGC to so amend its petition during the rehearing is supported in footnote # 5 of my Initial Order.

Since the Authority, during its July 21, 1998, deliberations determined that Rate Schedule 9 was not applicable, the negotiated gas redelivery agreements were unanimously approved as special contracts with rates to be effective August 1, 1998. In the Company's amended petition, however, NGC also has requested that the reduced rates be effective as of January 1, 1998, rather than the previously approved August 1, 1998, date. As stated in the Initial Order, I have approved the amended petition in part by permitting recovery of 90% of the margin loss as of May 12, 1998. I have denied the Company's request to have the rates approved as of January 1, 1998. By this action, there is minimal harm to the ratepayers as the shareholders, and NOT the ratepayers, will absorb 100% of the margin loss from January 1, 1998, through May 11, 1998. If NGC had wanted to recover margin loss as of January 1, 1998, the company should have filed its petition in a more timely fashion.

I would like to have these comments placed in the respective docket files.

Based on the foregoing, I believe that these actions present an equitable and legal solution to the proceeding, and thus, I move to deny the motion to review.

EXECUTIVE SECRETARY

39 JUL 13 PM 3 51

REC'D TH
REGULATORY AFFAIRS

Comments of Director Greer
at 7/13/99 Directors Conference

Docket # 98-00338 & 98-00339

A motion for review of my initial Order dated July 9, 1999, has been filed.

The motion for review states that "before a company can recover any margin loss, it must first have placed reduced rates into effect by either a tariff or an approved special contract." The motion further states that during the rehearing Nashville Gas abandoned its reliance on Rate Schedule # 9, therefore, there was never a "filed and approved special contract". Let me make very clear that the proposal to remove Rate Schedule 9 from consideration originated with Nashville Gas' attorney, Jerry Amos (see April 15 transcript page 8, lines 13 - 17). It was obvious at the hearing that NGC desired to amend its pending petitions. As Hearing Officer, I determined that due to the Authority's previous disallowance of the Company's reliance on Rate Schedule 9 in the January 22, 1999, orders, the Company should be allowed to amend its pending petition. My legal authority for allowing NGC to so amend its petition during the rehearing is supported in footnote # 5 of my Initial Order.

Since the Authority, during its July 21, 1998, deliberations determined that Rate Schedule 9 was not applicable, the negotiated gas redelivery agreements were unanimously approved as special contracts with rates to be effective August 1, 1998. In the Company's amended petition, however, NGC also has requested that the reduced rates be effective as of January 1, 1998, rather than the previously approved August 1, 1998, date. As stated in the Initial Order, I have approved the amended petition in part by permitting recovery of 90% of the margin loss as of May 12, 1998. I have denied the Company's request to have the rates approved as of January 1, 1998. By this action, there is minimal harm to the ratepayers as the shareholders, and NOT the ratepayers, will absorb 100% of the margin loss from January 1, 1998, through May 11, 1998. If NGC had wanted to recover margin loss as of January 1, 1998, the company should have filed its petition in a more timely fashion.

I would like to have these comments placed in the respective docket files.

Based on the foregoing, I believe that these actions present an equitable and legal solution to the proceeding, and thus, I move to deny the motion to review.

REC'D TH
REGULATORY AUITL.
'99 JUL 13 PM 3 51
OFFICE OF THE
EXECUTIVE SECRETARY