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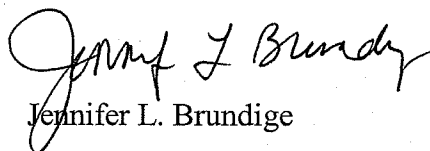
Timothy Phillips, Esq.
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Consumer Advocate and Protection Division
Office of the Attorney General & Reporter
2nd Floor, 425 5th Avenue North
Nashville, TN 37243-0491

Re: Docket 07-00224

Dear Tim, Mary, and T. Jay:

Enclosed please find Chattanooga Gas Company's ("CGC") responses to the CAPD's Third Set of Discovery Requests (dated April 15, 2009). Several of the responses include attachments that are being provided on CDs. Also, please note that the attachments for request nos. 4, 5, 12, and 36 contain confidential information and are being filed under seal pursuant to the Agreed Protective Order entered on March 4, 2008 in this docket. At this time, CGC is continuing to compile the data requested in request no. 25 and will provide this information to you as soon as possible.

Sincerely yours,


Jennifer L. Brundige

Enclosures

cc: Kelly Cashman-Grams (responses w/o attachments)
TRA Docket Room
Shannon Pierce, Esq.

Question 1:

In reference to Mr. Sherwood's supplemental testimony from page 17 line 7 to page 18 line 2, as well as CNG's prior responses to discovery, explain how "SEM uses Fallow CGC ETNG transportation to make a delivered sale into Transco at the ETNG/Transco pipeline interconnect." Include in your reply an explanation of how Sequent uses "fallow CGC ETNG transportation" to make a delivered sale to Transco without utilizing CGC's OBA and provide a copy of Sequent's Operational Balancing Agreement with ETNG.

RESPONSE:

The language quoted in this request is taken out of context. In a response to a prior discovery request, CGC used the partially quoted language to state hypothetically how any such transactions that the CAPD set forth in Second Discovery Request No. 10.b. would be captured for the benefit of CGC's customers. However, CGC has no knowledge as to whether such transactions have occurred. As CGC has stated previously, the CGC OBA does not provide transportation service and therefore cannot be used to transport gas to Transco.

CGC objected to providing a copy of Sequent's Operational Balancing Agreement with ETNG on the basis that the Hearing Officer has previously ruled that this information is not relevant to the issues in Docket 07-00224. On May 5, 2009, the Hearing Officer denied the CAPD's motion to compel CGC to produce this information.

Question 2:

Mr. Sherwood says in his supplemental testimony at page 20 lines 9-11:

CGC has transport customers that schedule gas to the system from ETNG and whose daily balances are included in CGC's imbalances, since CGC is the delivery point operator.

In view of this record, provide copies of all contracts between CGC and ETNG and all other material substantiating Mr. Sherwood's testimony that for each year from 2000 through 2008 CGC has been the delivery point operator of delivery points 59001, 59007, 59016, 59017, 59024, 59106, 59108, 59142 and 59151. If CGC was not the operator of a delivery point in a particular year, for example such as point 59017 in 2004, then identify the company that was the delivery point operator.

RESPONSE:

There are not any contracts detailing who the delivery point operator was from 2000 through 2008. To the extent that the definition of "delivery point operator" describes the party responsible for the allocation and/or management of the differences between scheduled and confirmed volumes at the delivery points and the actual flow through those collective points, CGC is and has been the delivery point operator for each year from 2000 through 2008.

Question 3:

For each year from 2000 through 2008, identify the delivery point operator of delivery point 59014.

RESPONSE:

To the extent that the definition of "delivery point operator" describes the party responsible for the allocation and/or management of the differences between scheduled and confirmed volumes at the delivery point and the actual flow through the point, Atlanta Gas Light Company was the delivery point operator from 2000 through 2008.

Question 4:

Identify the parties who are “transport customers” or “transportation customers” as outlined in Supplemental Testimony of Tim Sherwood page 17, line 15 and page 20, line 9.

RESPONSE:

Please see Attachment 4 (Confidential).

CONFIDENTIAL – Attachment 4 to this response is Confidential and subject to the Agreed Protective Order dated March 4, 2008 in TRA Docket 07-00224.

Question 5:

Identify the parties who made the nominations for the "transport customers" as outlined in exhibit TSS-17.

RESPONSE:

See Attachment 5 (Confidential).

CONFIDENTIAL - As the response contains CONFIDENTIAL information, it is being filed under seal pursuant to the Agreed Protective Order dated March 4, 2008 in TRA Docket 07-00224.

Question 6:

Regarding exhibit TSS-05 and the line depicting "firm load", please provide each customer class's Mdth for all values on the horizontal axis in an excel spreadsheet. For example, regarding point 57 on the horizontal axis, provide the Mdth for each customer class. Provide such data for all points on the horizontal axis.

RESPONSE:

The Company does not record individual daily loads by class.

Question 7:

Regarding exhibits TSS-06 and TSS-07, please provide all the data used in the regression analyses in an excel spreadsheet.

RESPONSE:

Please see Attachment 7 provided on CD.

Question 8:

Regarding exhibits TSS-06 and TSS-07, please provide "usage per customer" for each customer class in an excel spread sheet.

RESPONSE:

The Company does not record individual daily loads by class. Therefore, a use per customer cannot be calculated by class.

Question 9:

Please provide all data in CGC's possession on "usage per customer" for CGC's customers outlined in exhibits TSS-06 and TSS-07.

RESPONSE:

Please reference the response to Question 7.

Question 10:

Does usage per customer include data from customers who are “transport customers” (“transportation customers”)?

RESPONSE:

The data in the use per customer calculation does not include transportation customer usage.

The Company does have a tariff obligation to serve a maximum quantity of gas for the F-1/T-2 + T1 partial firm customers and the T-3 customer class. For portfolio planning, these customer classes have to be taken into account. Once the initial daily load and the initial design day load is calculated using the regression analysis results, these two classes’ contract quantities are added to produce a final daily load and design day load.

Question 11:

Does usage per customer include data from customers who make "third party gas" nominations shown in exhibit TSS-17?

RESPONSE:

The usage per customer data utilized in the daily load and design day calculations does not include third party gas load.

Question 12:

Identify the parties who made third party gas nominations as referenced in exhibit TSS-17.

RESPONSE:

See Attachment 12 (Confidential).

CONFIDENTIAL - As the response contains CONFIDENTIAL information, it is being filed under seal pursuant to the Agreed Protective Order dated March 4, 2008 in TRA Docket 07-00224.

Question 13:

Regarding exhibit TSS-08, explain the meaning of the column titles "Alloc Del Quantity", "Alloc Rec Quantity", "Mo. Imbalance (Long)/Short", "Daily Alloc Delivery Qty", and "Daily Alloc Receipt Qty".

RESPONSE:

"Alloc Del Quantity" is the allocated delivered quantity. The total amount of gas delivered to CGC's 9 metered points on the East Tennessee system. Delivered gas is the gas consumed by the CGC customers.

"Alloc Rec Quantity" is the allocated receipt quantity. The total amount of gas received into the East Tennessee system for CGC customers from various pipeline interconnects.

"Mo. Imbalance (Long/Short)" is the monthly imbalance created on CGC's OBA contract. If CGC received more gas into East Tennessee than it consumed a long position is created. If CGC received less gas into East Tennessee than it consumed a short position is created. The customer demand at all of CGC's delivery points are totaled against CGC's total receipts into East Tennessee to determine the monthly and daily imbalances..

"Daily Alloc Del Qty" is the total allocated delivered quantity divided by the days in the month.

"Daily Alloc Receipt Qty" is the total allocated receipt quantity divided by the days in the month.

Question 14:

Regarding exhibit TSS-08, if the term "Alloc" means "allocated" explain the allocation process, identify all parties involved in the allocation process, and provide all documents, studies, pipeline bills, emails and other materials to support your reply.

RESPONSE:

The allocation process for delivered supply on the East Tennessee system is determined by totaling all the daily delivered supply across CGC's East Tennessee delivery points. The parties involved are the shipper, the pipeline and the ET OBA contract holder. See also the response provided to Question 16 for information to support this response.

Question 15:

Regarding exhibit TSS-08, if the term "Alloc" means "allocated", then for each allocated quantity provide the total quantity which is the source of the allocated quantity. For example, if the allocated quantity is 238,498 identify the number, such as 300,000, which is the source of the allocated quantity.

RESPONSE:

Please see response to Question 14. If the allocated quantity is 238,498, then the total supply delivered to CGC customers was 238,498.

Question 16:

Regarding exhibit TSS-08, provide copies of all pipeline bills, nomination records and other material and/or documents that are sources for the data reported in TSS-08.

RESPONSE:

The source of the data provided for Exhibit TSS-08 is East Tennessee's electronic bulletin board.

This data has been provided in Attachment 17 to Question 17. There are no further documents reflecting the content assembled into Attachment 17 that are responsive to this request.

Question 17:

Regarding exhibit TSS-08, in an excel spread sheet provide all quantities on a daily basis and provide all pipeline bills, nomination records and other materials and/or documents that are sources for the data reported in TSS-08.

RESPONSE:

Please see the response to Question 16 and Attachment 17 which is provided on CD.

Question 18:

Regarding exhibit TSS-08, for each day of the period from August 1, 2005 through October 31, 2008, provide the scheduled deliveries at each of CGC's delivery points for each point on a daily basis and provide all actual pipeline bills, nomination records and other material that are sources for the data in an excel spreadsheet.

RESPONSE:

Please reference the response provided to Question 17.

Question 19:

Regarding TSS-08, for each day from August 1, 2005 through October 31, 2008, provide the transport customers' daily scheduled deliveries and daily actual deliveries.

RESPONSE:

Please see Attachment 19 provided on CD.

Question 20:

Regarding exhibit TSS-08, explain why the analysis begins at August 2005 rather than an earlier date.

RESPONSE:

The analysis began with August 2005 to coincide with Brown Rebuttal Exhibits 38 and 39, which also began with August 2005.

Question 21:

Regarding exhibit TSS-08, please extend the analysis back to November 2002.

RESPONSE:

By agreement, this request has been limited to the period August 2005 through October 31, 2008.

Therefore, no response is required.

Question 22:

Please provide any and all documents which were used in the creation of the provided exhibit TSS-08, as well as any and all documents in your possession which are related to this exhibit, were used in responding to the interrogatories related to this exhibit, including but not limited to Interrogatories 13 through 22, and/or and documents that support the figures presented in exhibit TSS-08.

RESPONSE:

See response provided to Question 16.

Question 23:

In light of the information provided in TSS-08 and Mr. Sherwood's supplemental testimony with regard to load balancing, please provide a month-by-month listing of the amount of firm customer usage, in total and at each of CGC's delivery points, for the period from November 2002 through October 31, 2008; include in your answer an explanation of the process by which these figures were calculated as well as any and all documents that were used in preparing these figures.

RESPONSE:

Please see the attached file, TRA – 23.1.xls, for the requested firm consumption from August 1, 2005 through and including October 31, 2008. The information in columns D and E on the Daily Data tab was queried from Chattanooga Gas' GOS system. The information in columns A – C were added to facilitate presenting the data as monthly totals. The monthly totals are shown, with formatting and formulas intact, on the sheet labeled Monthly Data.

As previously discussed, the Company does not have, track or store firm customer usage by delivery meter. Delivered quantities ultimately consumed by firm customers are not discernable from quantities consumed by non-firm customers at any given delivery meter.

Question 24:

Regarding exhibit TSS-09, provide and accurately label all the data used in the regression analyses in an excel spreadsheet.

RESPONSE:

A regression analysis was not performed to create Exhibit TSS-09. The Y axis should include the label "Dth." The data used to create Exhibit TSS-09 is provided as Attachment 17.

Question 25:

Regarding exhibit TSS-17 and the quantity "CGC Net Purchases", provide the net purchases by day by delivery point for ETNG and SONAT for 2003 and 2005.

RESPONSE:

See Attachment 25 provided on CD.

Question 26:

Regarding exhibit TSS-17, for the years 2003 and 2005 and for ETNG and SONAT provide in an excel spread sheet the scheduled delivery by day for each delivery point where CGC was the delivery point operator.

RESPONSE:

See Attachment 26 provided on CD.

Question 27:

Mr. Sherwood says in his supplemental testimony from page 12 lines 2-13:

While Dr. Brown testifies that “CGC’s design day forecasts include industrial loads and are interruptible or stand-by only” (Brown Rebuttal page 54, line 19 — 21), the fact is that loads included in the design day regression analysis are loads for which CGC has a firm obligation consistent with CGC’s tariff, included as Exhibit TSS-19. The design day analysis for CGC was done in the same manner as the analysis referenced in the Stipulation in Docket 24960-U. As opposed to the Rome Pool on the AGLC system, the firm customer count for CGC has been increasing. This is why Dr. Brown is wrong in drawing the conclusion that the CGC design day should decline because the design day load for AGLC’s Rome Pool declined.

Please provide the definition of “firm customer” that was used in Docket 24960-U and provide all data, tariffs and other materials which support your definition.

RESPONSE:

Please see Attachment 27 (provided on CD), definitions 1.35 and 1.36.

Question 28:

Please provide the number of firm customers in the Rome Pool at the time of the Rome Pool's peak for each peak from 2000 through 2008.

RESPONSE:

Please see Attachment 28.

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Attachment 28

Winter	Customers
2000-2001	46,684
2001-2002	45,537
2002-2003	44,753
2003-2004	43,860
2004-2005	43,409
2005-2006	42,501
2006-2007	41,476
2007-2008	40,377

Question 29:

Please provide the number of CGC's firm customers at the time of the CGC's peak for each peak from 2000 through 2008.

RESPONSE:

Please see Attachment 29 for the customers on the system during the peak days for the 2001-2002 winters. The Company is not able to provide the 2000-2001 information because it does not have load data prior to the 2001-2002 winter.

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Attachment 29

Winter	Customers
2000-2001	n/a
2001-2002	61,449
2002-2003	62,033
2003-2004	62,717
2004-2005	61,780
2005-2006	62,375
2006-2007	62,749
2007-2008	62,539

Note: The Company does not have load data prior to the 2001-2002 winter.

Question 30:

Mr. Sherwood says in his supplemental testimony from page 11 lines 8-12,

In contrast to the Atlanta Pool, the Rome Pool load is expected to have a decline of approximately 5,000 customers over the period 2008 through 2010.

In light of this statement, how many of the “5,000 customers” are firm customers?

RESPONSE:

Each of the 5000 customers is a firm customer.

Question 31:

Please provide a narrative of the methods used to project the number of firm customers in the Rome Pool for 2009 and 2010.

RESPONSE:

The Company projects the number of firm customers in the Rome Pool every 3 years as part of a capacity supply plan submitted to the Georgia PSC. Projections are made by using actual historical data taking into account seasonal trends and economic indicators. Economic indicators reviewed include housing starts which would effect new growth, and foreclosures which would lead to vacant homes. A starting point is established based upon our most recent actual data to which projected new growth is added and projected attrition is removed. New growth is based upon marketing projections using historical actual data and adjusted to take into account for current market conditions. Attrition is also based upon marketing projections using historical actual data and again, adjusted to take into account market conditions.

Question 32:

How many times since 2002 has Mr. Sherwood or his company made a projection of the number of firm customers in the Rome Pool? If the answer is more than zero, then provide a copy and a list of each projection made since 2002.

RESPONSE:

The Company's capacity planning department utilizes a customer forecast every 3 years as part of a capacity supply plan submitted to the Georgia PSC. Below are the forecasts used in the 2004-2007 and the 2007-2010 Capacity Supply Plans.

2004-2007 Capacity Supply Plan

	<u>Rome Customer Forecast</u>
2004	44,208
2005	43,533
2006	42,850
2007	42,158
2008	39,185
2009	39,602
2010	38,539

2007-2010 Capacity Supply Plan

	<u>Rome Customer Forecast</u>
2007	41,809
2008	40,081
2009	38,465
2010	36,898

Question 33:

Please provide a narrative of the methods used to project the number of firm customers in CGC for 2009 and 2010.

RESPONSE:

The Company projects the number of firm customers annually by using actual historical data taking into account seasonal trends and economic indicators. Economic indicators reviewed include housing starts which would effect new growth, and foreclosures which would lead to vacant homes. A starting point is established based upon our most recent actual data to which projected new growth is added and projected attrition is removed. New growth is based upon marketing projections using historical actual data and adjusted to take into account for current market conditions. Attrition is also based upon marketing projections using historical actual data and again, adjusted to take into account market conditions. Projected firm customers are evaluated monthly through variance analysis and are adjusted yearly during our reforecast.

Question 34:

How many times since 2002 has Mr. Sherwood or his company made a projection of the number of firm customers in CGC? If the answer is more than zero, then provide a copy and a list of each projection made since 2002.

RESPONSE:

The Company's forecasting department reviews the CGC firm customer forecast yearly making adjustments as necessary. Below are the forecasted firm customer counts back to 2005. Prior to the 2005 budget, different methodology was used to forecast firm customers and those records were not maintained.

2005-2009 Projected Firm Customers

2005	61,950
2006	63,051
2007	63,055
2008	63,062
2009	62,676

Question 35:

Please provide supplemental answers to all discovery requests previously propounded in this docket; these supplements should include but are not limited to any discovery requests not previously answered in full, as well as any and all updates that may be necessary as a result of a change of circumstance, unusual occurrence, the passage of time, internal change within CGC, AGL, Sequent or any other Affiliated Companies or employees, change of business model, contractual or other legal obligation, matter of going concern, and/or any other customer, employee, or transactional change which may have resulted in the need to supplement/update either the answers provided to these or prior discovery requests.

RESPONSE:

Pursuant to the Tennessee Rules of Civil Procedure, the Company has contemporaneously herewith provided the CAPD with supplementations to certain discovery requests for the CAPD's First Set of Discovery Requests (dated March 18, 2008). The Company will seasonally supplement as required in accordance with the Tennessee Rules of Civil Procedure.

Question 36:

Mr. Sherwood says in his supplemental testimony at page 23 lines 7-14:

The single most significant factor influencing compensation, including the payment of additional compensation for the employees involved in the capacity planning process, is their individual performance. The individual performance of these employees is specifically dedicated to the service of AGLR's utilities and does not include the performance of Sequent. Failure to meet the individual performance standards makes employees ineligible for additional compensation under the Annual Incentive Plan.

In light of this statement, please provide a listing of the position, title and number of employees responsible for "the capacity planning process" and describe fully the individual "Annual Incentive Plan" standards for the employees involved in the capacity planning process; include in your answer a copy of the individual annual incentive plan for each of these employees, the direct employer of each of these employees, each of the specific standards by which these employees are measured, how these performance standards are set and measured, which company, and which employees within that company, sets and/or measures these standards, and any and all supporting documentation or documentation that was used in drafting this response.

RESPONSE:

The attached CONFIDENTIAL spreadsheet "CAPD_Third_DR_No_36.xls" includes the employees responsible for the capacity planning process. This spreadsheet includes the employee's title, the title of their manager, their salary grade, subsidiary employing them, and the weight that various components of corporate, business unit, and individual performance impact the potential for and level of Annual Incentive Plan ("AIP") payout. The spreadsheet also includes the Individual Performance Objectives ("IPOs") as well as the Success Factors used to measure individual performance.

Each employee does not have an individual annual incentive plan. Each employee's performance is measured against the company's attached "2008 Annual Incentive Plan" (Confidential) and the components of the plan to determine if and to what level they receive compensation under the plan.

IPOs are determined by the employees' manager. The employees' performance against the stated IPOs and company determined Success Factors is determined by the employees' manager as well.

CONFIDENTIAL – The two attachments to this request are CONFIDENTIAL and are being filed under seal pursuant to the Agreed Protective Order (dated March 4, 2008) in TRA Docket 07-00224.

Question 37:

With regard to the Selection of Sequent as the asset manager of CGC, Mr. Sherwood says in his supplemental testimony at page 24 lines 17-20:

Sequent was selected as the asset manager for CGC as a result of a tariff based RFP process in which they were the party offering the highest minimum annual guaranteed payment to CGC's customers.

In view of this statement, please provide a detailed narrative of the "tariff based RFP process" used to select CGC's asset manager as well as a listing of any other asset managers who may have participated in this process within the last five years; include in your answer the factors that are reviewed in selecting an asset manager, the weight assigned to each of those factors, which company and employees make the selection of an asset manager, whether or not any company other than CGC is involved in the selection process in any way, whether or not any company other than CGC provides advice or guidance in the selection process, a listing of participating asset managers' in the selection process by year, and any and all documents which support any part of your answer, were used in drafting your answer, that evidence the existence of selection criteria, or that more fully describe this process.

RESPONSE:

CGC objected to responding to this request on the basis that it seeks information that the CAPD already has in its possession, custody, and control and is unduly burdensome, unreasonably cumulative, and duplicative. On May 5, 2009, the Hearing Officer denied the CAPD's motion to compel CGC to produce this information.