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March 3, 2010

VIA EMAIL AND U.S. MAIL

Chairman Sara Kyle
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-00505

filed electronically in docket office on 03/03/10

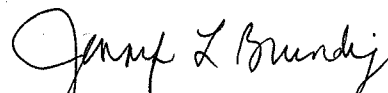
Re: Docket No. 09-00183

Dear Chairman Kyle:

Pursuant to the Hearing Officer's April 26, 2010 Order in the above referenced docket and in advance of the March 8, 2010 deadline, Chattanooga Gas Company ("CGC") is filing its responses to discovery request nos. 201 and 202 of the CAPD's first set of discovery requests. CGC is also filing revised responses for discovery request nos. 180, 181, and 182.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,



Jennifer L. Brundige

Enclosures

cc: Gary Hotvedt, Esq.
Pat Murphy
Cynthia Kinser, Esq.
C. Scott Jackson, Esq.
Ryan McGehee, Esq.
T. Jay Warner, Esq.
Henry M. Walker, Esq.
Elizabeth Wade, Esq.
Archie Hickerson

DISCOVERY REQUEST NO. 201

Admit or Deny: Capacity Demand Costs of Chattanooga Gas Company is sold directly or indirectly through Sequent Energy Management to SouthStar Energy Services, an AGL Resources subsidiary. For purposes of this and the following interrogatory only, "Capacity Demand Costs" shall be defined as gas commodity costs, interstate pipeline capacity, or any other costs associated with the gas supply plan of Chattanooga Gas Company.

If denied, please describe what specific portions of the preceding are denied and why they are inaccurate.

RESPONSE:

Deny. Chattanooga Gas Company does not sell capacity demand costs.

DISCOVERY REQUEST NO. 202

If the preceding interrogatory is "admitted," how much profit was earned by SouthStar on the capacity demand costs purchased from Chattanooga Gas Company through Sequent Energy Management. Please provide your answer by year from the period of 2003 until the present.

RESPONSE:

Please see the Company's response to CAPD Request No. 201.

DISCOVERY REQUEST NO. 180:

State the amount of O&M incurred by the Company in each of the last 10 years and the test year associated with repairing corrosion leaks.

Response:

Please see the attached schedule 180-1 for an estimate of the expense related to the repair of corrosion leak repairs. The accounts shown are the maintenance accounts for mains and services, and these accounts are primarily comprised of leak repair cost. The percentage of corrosion leaks to total leaks was applied to total maintenance expenses to estimate corrosion leak repair expenses.

Revised Response:

Please see the revised schedule 180-1 attached. The schedule was revised to include accounts that were used to separately track paving expenses effective in 2002. The accounts were inadvertently omitted in the original response. Also, please note that the amounts included reflect the direct expenses incurred for repairing leaks and exclude overheads (such as benefits, allocated service center costs and AGL Services Company costs) and vehicle costs which are included in the high level cost estimate used for project ranking described in Discovery Request No. 182.

Chattanooga Gas Company
 Operations and Maintenance Expenses Related to the Repair of Mains and Services
 For the Years Ended December 31, 2000 through December 31, 2009
 (Revised)

	Total Year 2000	Total Year 2001	Total Year 2002	Total Year 2003	Total Year 2004	Total Year 2005	Total Year 2006	Total Year 2007	Total Year 2008	Test Year (Ended 6/30/09)	Total Year 2009
Payroll											
600061 Pay-Repairs and Maint. Mains	150,334	151,517	231,219	204,250	204,648	188,441	190,759	200,938	218,537	248,095	264,936
600062 Pay-Repairs Damage Mains	21,327	16,524	17,442	15,807	13,801	16,140	15,954	15,954	9,854	11,163	7,806
600067 Pay-Maintenance of Services	63,924	57,348	64,795	71,801	111,066	76,220	76,542	119,624	113,400	91,347	87,038
600068 Pay-Repairs Damage Service	32,178	22,223	15,490	20,014	18,681	17,376	17,230	19,123	14,680	11,685	10,748
	\$ 287,761	\$ 247,612	\$ 328,966	\$ 311,871	\$ 348,196	\$ 298,176	\$ 293,345	\$ 355,639	\$ 356,470	\$ 362,290	\$ 370,529
Outside Services											
645210 Repair and Maintain Mains Cont	7,774	23,525	86,046	29,973	25,585	11,619	60,758	3,384	8,727	11,354	11,462
645211 Maintenance of Main Paving			21,291	85,528	62,871	59,640	61,921	56,532	41,206	42,891	52,842
645215 Repair Damage Mains-Contractor	54,861	53,477	(6,138)	31	-	504	-	766	-	-	422
645504 Repair Damage Service-Contract	13,396	8,623	8,345	1,537	5,568	3,980	4,520	11,448	-	-	-
645710 Maintenance of Services-Contract	6,472	7,268	8,106	3,280	1,132	8,797	1,727	155	10,322	3,368	701
645711 Maintenance of Service Paving			22,392	35,624	23,792	12,266	14,329	37,654	26,098	14,094	13,559
	\$ 82,523	\$ 92,893	\$ 140,043	\$ 156,042	\$ 118,949	\$ 95,207	\$ 143,256	\$ 110,339	\$ 86,353	\$ 71,727	\$ 78,986
Distribution Expenses											
645200 Repair and Maintain Mains	176,575	25,992	185,878	135,659	143,402	138,518	86,412	92,219	53,090	52,055	53,096
645214 Repair Damage mains	23,543	13,075	19,949	3,879	8,213	56,495	(34,478)	7,517	3,451	4,983	4,904
645603 Repair Damage Service	17,536	14,675	14,667	5,817	5,116	7,285	6,799	3,912	5,550	2,232	726
645700 Maintenance of Services	3,029	59,513	81,559	80,481	90,016	27,789	79,050	34,973	47,646	36,202	24,655
	\$ 220,684	\$ 113,655	\$ 302,092	\$ 225,836	\$ 246,747	\$ 230,189	\$ 137,793	\$ 139,620	\$ 109,737	\$ 95,472	\$ 83,380
Total O&M Associated with Leak Repairs	(A) \$ 570,968	\$ 454,361	\$ 771,021	\$ 693,749	\$ 713,891	\$ 624,571	\$ 574,384	\$ 604,598	\$ 552,560	\$ 529,490	\$ 532,895
Percentage of leaks related to corrosion *	(B) 7.97%	11.19%	10.34%	5.20%	11.11%	9.68%	9.56%	8.90%	9.86%		
Calculated O&M related to corrosion (A*B)	\$ 45,495	\$ 50,823	\$ 79,761	\$ 36,066	\$ 79,321	\$ 60,442	\$ 54,890	\$ 53,818	\$ 54,464		

* From Schedule 179-1. Also, note that the Company has not quantified corrosion leaks for the test year.

The number of leaks repaired for 2009 are not yet available. The number of leaks repaired will be available by March 15, 2010, the date of the DOT report filing.

** Paving costs originally excluded from the original response to Discovery Request No. 1-180. Account was used to separately track paving costs beginning in 2002.

DISCOVERY REQUEST NO. 181:

State the amount of O&M projected to be incurred by the Company during each of the next 5 years 2009, 2010, 2011, 2012, and 2013 associated with repairing corrosion leaks.

Response:

Please see Attachments 181-1, 181-2 and 181-3. Attachment 181-1 lists the projected amount of O&M associated with repairing corrosion leaks for the next five years (2009-2013) along with applicable calculations. Attachment 181-2 provides the estimated bare steel cast iron replacement by year to derive the estimated decrease in corrosion leaks per year. Attachment 181-3 provides actual leaks repaired by cause of leak.

Revised Response:

Please see the revised schedule 181-1 attached. The schedule was revised to include accounts that were used to separately track paving expenses effective 2002. The accounts were inadvertently omitted in the original response. Also, please note that the amounts included reflect the direct expenses incurred for repairing leaks and exclude overheads (such as benefits, allocated service center costs and AGL Services Company costs) and vehicle costs which are included in the high level cost estimate used for project ranking described in Discovery Request No. 182.

Chattanooga Gas Company
Corrosion leaks
For the Years Ended December 31, 2009 through December 31, 2013
(Revised)

	2009	2010	2011	2012	2013
Number of corrosion leaks *	38	31	29	27	22
Percentage of Cast Iron Replaced (See attachment 181-2)		18%	5%	8%	11%
Projected cost of leak repairs (Leaks*Average Cost of \$1,105.32 below)	42,002	34,431	32,538	29,326	24,809

Calculation of Average Cost Per Corrosion Leak

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of corrosion leaks (1)	40	50	57	34	63	63	56	47	55
Percentage of Corrosion Leaks to total leaks (1)	7.97%	11.19%	10.34%	5.20%	11.11%	9.68%	9.56%	8.90%	9.86%
Total amount spent on leak repair per year - Original Filing (2)	570,968	454,361	727,337	572,498	627,228	552,665	498,133	510,012	485,256
Additional Costs Identified (2)	-	-	43,684	121,251	86,663	71,906	76,251	94,586	67,305
Total amount spent on leak repair per year - Original Filing (2)	570,968	454,361	771,021	693,749	713,891	624,571	574,384	604,598	552,560
Calculated amount spent on corrosion leaks (2)	45,495	50,823	79,761	36,066	79,321	60,442	54,890	53,818	54,484
Cost per corrosion leak repair	1,137.39	1,016.47	1,399.31	1,060.78	1,259.07	959.40	980.18	1,145.07	990.25
Average cost per corrosion leak repair									
Average of 2000 through 2008	1,105.32								

(1) See attachment 181-3.

(2) See responses to CAPD 1-180, Attachment 180-1.

Additional costs identified represent paving costs originally excluded from the response.

* Estimated based on percentage of bare steel/cast iron pipe replaced each year
2009 Preliminary number of leak repairs not yet reported to DOT.

DISCOVERY REQUEST NO. 182:

Please provide all studies, analyses, investigations, reviews, examinations, or assessments performed by or for the Company that address the need to replace distribution plant, by account, that is not associated with growth.

Response:

In summer 2009, the company performed an analysis to determine how the remaining bare steel and cast iron pipe would be replaced. The remaining pipe was grouped into 32 projects. Next a rating of 1 to 5 was given in each of the following categories: Repaired Leaks, Pending Leaks, Repair Costs, Number of Customers, and Pressure System. See the attachment 182-1 spreadsheet. The higher number represents a greater need in that category. Finally the project score was totaled and then sorted to determine the order of replacement. The Company also provided analysis of the need for replacement of bare steel and cast iron pipe in the direct testimony of Richard Lonn in TRA Docket Numbers 04-00034 and 06-00175.

For non bare steel / cast iron projects, other means are used to determine need. For pressure improvement projects, field charts and modeling data are used to determine the need. For DOT relocations, conflicts with grading and drainage determine need, and for relocation jobs for land developers, the need is based on conflicts with proposed private construction.

Revised Response:

This response is being revised to clarify the reference to other means in the second paragraph above and to provide additional details used in performing the analysis of the ranking of the remaining bare steel and cast iron pipe.

The second paragraph should have been stated as follows:

For non bare steel / cast iron projects such as pressure improvement, DOT relocations and other relocations other means are used to determine need. For pressure improvement projects, field charts and modeling data are used to determine the need. For DOT relocations, conflicts with grading and drainage determine need, and for relocation jobs for land developers, the need is based on conflicts with proposed private construction.

Chattanooga Gas Company

Docket Number 09-00183

CAPD

Question 182

3/3/2010

2 of 2

Please see attachment 182-2 which provides details of the determination of the rankings provided in attachment 182-1. A description of the amounts used to determine the rankings is provided in the footnotes.

Repaired Leaks (1)	Rank
Douglas Street Area	106
60# System - East Chattanooga	73
Market Street Area	32
Main Street Area	5
Anderson Avenue and Belvoir Avenue Area	23
Workman Road Area	22
Main Street Area	21
Kelley Street Area	18
Cleveland BSCI	16
Signal Mountain Road to Cherokee	16
East Main Street @ South Willow Street	15
South Highland Park Avenue Area	15
McCallie Avenue Area	14
John Ross Road Area	14
North Dayton Boulevard	13
Old Mission Road Area	13
South Dayton Boulevard	11
Crest Road Area	11
South Crest Road Area	9
Central Avenue @ Workman Road	9
South Tunnel Boulevard	8
East 32nd Street Area	8
Gilbert Street at North Chamberlain Avenue	8
Stuart Street @ North Chamberlain Avenue	8
Chestnut Street	7
12th Avenue Area	7
Ringgold Road Area	6
Midland Pike at North Moore Road Area	6
North Dodds Avenue Area	6
North Tunnel Boulevard Avenue Area	6
South East Brainerd Road	5
Alton Park Boulevard & Small Areas	4
South Creek Road and Extra	0

Active Leaks (2)	Rank
60# System - East Chattanooga	31
Douglas Street Area	11
Main Street Area	10
South Crest Road Area	10
Market Street Area	10
Workman Road Area	9
Crest Road Area	8
Signal Mountain Road to Cherokee	7
South Highland Park Avenue Area	7
McCallie Avenue Area	7
Cleveland BSCI	7
Kelley Street Area	6
East Main Street @ South Willow Street	6
Old Mission Road Area	6
Chestnut Street	5
East 32nd Street Area	5
Anderson Avenue and Belvoir Avenue Area	5
South Dayton Boulevard	5
Ringgold Road Area	4
12th Avenue Area	4
North Dodds Avenue Area	4
South East Brainerd Road	3
John Ross Road Area	3
South Tunnel Boulevard	3
North Tunnel Boulevard Avenue Area	3
Stuart Street @ North Chamberlain Avenue	3
Central Avenue @ Workman Road	3
North Dayton Boulevard	3
Alton Park Boulevard & Small Areas	2
Midland Pike at North Moore Road Area	2
Gilbert Street at North Chamberlain Avenue	2
South Creek Road and Extra	0

Repair Costs (3)	Rank
60# System - East Chattanooga	10,000
Chestnut Street	5,000
Main Street Area	5,000
South East Brainerd Road	5,000
Douglas Street Area	5,000
Signal Mountain Road to Cherokee	5,000
Anderson Avenue and Belvoir Avenue Area	5,000
McCallie Avenue Area	5,000
Market Street Area	5,000
South Creek Road and Extra	2,500
Alton Park Boulevard & Small Areas	2,500
Ringgold Road Area	2,500
John Ross Road Area	2,500
South Crest Road Area	2,500
South Tunnel Boulevard	2,500
12th Avenue Area	2,500
East 32nd Street Area	2,500
Midland Pike at North Moore Road Area	2,500
Kelley Street Area	2,500
North Dodds Avenue Area	2,500
South Highland Park Avenue Area	2,500
Gilbert Street at North Chamberlain Avenue	2,500
South Dayton Boulevard	2,500
North Tunnel Boulevard Avenue Area	2,500
Crest Road Area	2,500
Stuart Street @ North Chamberlain Avenue	2,500
Central Avenue @ Workman Road	2,500
Cleveland BSCI	2,500
East Main Street @ South Willow Street	2,500
Workman Road Area	2,500
Old Mission Road Area	2,500
North Dayton Boulevard	2,500

(1) Represents number of leaks repair on this section of pipe since 1989 which is the date of purchase by Atlanta Gas Light Company.

(2) Number of leaks to repair.

(3) Total cost to repair a leak on main based on a high level determination of the time to repair and cost per hour. A high level cost per hour was based on fully loaded cost including benefits, allocated costs, material costs, paving costs and vehicle costs. Cost was intended to provide a determination of relative cost for ranking purposes based on the difficulty of making repairs.

(4) Number of customers served on this main.

(5) A n designates that there would be no pressure improvement as a result of pipe replacement because the pipe was already at the necessary pressure (60 psig). A u designates that there would be improvement to the proper pressure level.

Customers (4)		Rank	Pressure (5)		Rank
Cleveland BSCI	1000	5	12th Avenue Area	u	5
60# System - East Chattanooga	1000	5	Chestnut Street	u	5
South East Brainerd Road	500	5	Crest Road Area	u	5
South Highland Park Avenue Area	500	5	Douglas Street Area	u	5
Market Street Area	500	5	East 32nd Street Area	u	5
East Main Street @ South Willow Street	500	5	East Main Street @ South Willow Street	u	5
Old Mission Road Area	400	4	Gilbert Street at North Chamberlain Avenue	u	5
Workman Road Area	300	4	Main Street Area	u	5
John Ross Road Area	200	4	Market Street Area	u	5
South Crest Road Area	200	4	McCallie Avenue Area	u	5
Douglas Street Area	200	4	North Dodds Avenue Area	u	5
12th Avenue Area	200	4	North Tunnel Boulevard Avenue Area	u	5
East 32nd Street Area	200	4	South Crest Road Area	u	5
North Dodds Avenue Area	200	3	South Highland Park Avenue Area	u	5
Anderson Avenue and Belvoir Avenue Area	200	3	South Tunnel Boulevard	u	5
South Dayton Boulevard	200	3	Stuart Street @ North Chamberlain Avenue	u	5
North Tunnel Boulevard Avenue Area	200	3	60# System - East Chattanooga	n	1
Stuart Street @ North Chamberlain Avenue	200	3	Alton Park Boulevard & Small Areas	n	1
North Dayton Boulevard	200	2	Anderson Avenue and Belvoir Avenue Area	n	1
Gilbert Street at North Chamberlain Avenue	150	2	Central Avenue @ Workman Road	n	1
Alton Park Boulevard & Small Areas	100	2	Cleveland BSCI	n	1
Main Street Area	100	2	Signal Mountain Road to Cherokee	n	1
Ringgold Road Area	100	2	John Ross Road Area	n	1
South Tunnel Boulevard	100	2	Kelley Street Area	n	1
Midland Pike at North Moore Road Area	100	1	Midland Pike at North Moore Road Area	n	1
Kelley Street Area	100	1	North Dayton Boulevard	n	1
Crest Road Area	100	1	Old Mission Road Area	n	1
Central Avenue @ Workman Road	100	1	Ringgold Road Area	n	1
Chestnut Street	69	1	South Creek Road and Extra	n	1
Signal Mountain Road to Cherokee	50	1	South Dayton Boulevard	n	1
McCallie Avenue Area	50	1	South East Brainerd Road	n	1
South Creek Road and Extra	0	1	Workman Road Area	n	1