

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

**PREPARED REBUTTAL TESTIMONY
OF
STEVE LINDSEY**

**IN RE:
CHATTANOOGA GAS COMPANY
DOCKET NO. 09-00183**

electronically filed 4/5/10

at 4:15pm

1 **Q. Please state your name and business address.**

2 A. My name is Steve Lindsey, and my business address is 2207 Olan Mills Drive,
3 Chattanooga, Tennessee 37421.

4 **Q. Are you the same Steve Lindsey who previously provided prepared direct**
5 **testimony in this proceeding?**

6 A. Yes, I am.

7 **Q. What's the purpose of your rebuttal testimony?**

8 A. The purpose of my rebuttal testimony is to respond to certain issues raised by the
9 Consumer Advocate and Protection Division in this proceeding.

10 **Q. On page 31 of his pre-filed testimony of March 10, 2010, Mr. Buckner**
11 **proposes certain "consumer protection" recommendations, including**
12 **mandatory budget re-payment plans, alternative address notification, and**
13 **the ability to waive fees. Did the Consumer Advocate offer any explanation**
14 **for why the TRA should require CGC to adopt these "consumer protection"**
15 **recommendations?**

16 A. No. The following question and answer are on page 31 of Mr. Buckner's pre-
17 filed testimony:

1 Q. Do you have consumer protection recommendations?

2 A. Yes. Attached is Appendix A, which list consumer protection
3 recommendations to be considered by the TRA. Given the current
4 economic conditions, the Consumer Advocate urges the TRA to be
5 especially cognizant for the protection of ratepayers.

6 This exchange is the only discussion concerning the proposed “consumer
7 protection” recommendations in the testimony.

8 **Q. Are you aware of any concerns that have been raised that would necessitate**
9 **the need for the implementation of these proposed recommendations?**

10 A. No.

11 **Q. Does the Consumer Advocate provide any analysis or study of the costs that**
12 **will be incurred by the Company if these recommendations are adopted?**

13 A. No. In response to CGC’s Discovery Request No. 7, the Consumer Advocate
14 stated: “No analyses, workpapers, source documents, calculations or assumptions
15 were made or performed to identify the capital investment and operating expense
16 that would be incurred in the implementation of the proposed ‘consumer
17 protection recommendations’.” The Consumer Advocate provided the same
18 response to CGC Discovery Request Nos. 5 and 6 relative to the proposed
19 “Budget Re-payment Plans” or the proposed “Ability to Waive Fees”. Since no
20 analysis was performed, it does not appear that the Consumer Advocate could
21 have made any adjustments relative to these recommendations.

22 **Q. Would the Company incur costs to implement these “consumer protection”**
23 **recommendations if adopted by the TRA?**

1 A. Yes. For example, the proposed “budget re-payment plans”, which is one of the
2 Consumer Advocate’s recommendations, would require the Company to allow
3 customers a three month billing cycle to pay past due bills and any associated
4 service charges. If a customer had been disconnected for failure to pay, the
5 Company would be required to reconnect the customer after payment of one
6 installment. Under the proposed standard, the Company would only have to offer
7 this “budget re-payment plan” to a customer once a year unless the customer
8 could demonstrate a “unique financial distress situation” or “the customer is
9 disabled or a member of the customer’s household is disabled”. If a customer or
10 household member of the customer is able to demonstrate a unique financial
11 distress situation or the customer is disabled or a member of the customer’s
12 household is disabled, the Company would be required to again consider
13 permitting the customer to have additional installment plan(s) during the same
14 calendar year. The adoption of this type of mandatory standard will likely result
15 in an increase in the uncollectible accounts which will result in higher bad debt
16 expenses for the Company, and in higher costs for customers. The Company will
17 also likely incur customer service and accounting costs as a result of additional
18 activity required in the establishment and maintenance of the installment payment
19 plans and evaluating individual customer’s financial situations.

20 **Q. Has the Company performed any cost analysis?**

21 A. No. It is difficult to prepare cost analysis when the Consumer Advocate is
22 proposing recommendations that apply for “unique financial distress” situations,
23 for “disabled” customers, or “for disabled members of the customer’s household”

1 without any proposed definitions. It is difficult to know the breadth of
2 applicability that is being proposed by the Consumer Advocate. When asked in
3 discovery requests, the Consumer Advocate responded: “The Consumer Advocate
4 is unable to provide a detailed description of a ‘unique financial distress
5 situation’. Each individual Chattanooga Gas customer would need to be able to
6 demonstrate to the Company their need to have installment plan(s).” Under such
7 a subjective approach, it is not possible to reasonably estimate the number of
8 customers that would potentially qualify.

9 **Q: Is it your understanding that the proposed “budget re-payment plan(s)”**
10 **recommendation is the same as a budget billing program?**

11 A. No. Chattanooga Gas Company currently has a budget billing program that
12 allows a customer to make equal payments over the year. This budget billing
13 program has been included in CGC’s tariff for a number of years. It is my
14 understanding that the proposed “budget re-payment plan(s)” would apply to only
15 those customers who have delinquent accounts.

16 **Q. Does CGC offer “Alternate Address Notification” as proposed by the**
17 **Consumer Advocate?**

18 A. Yes.

19 **Q. The Consumer Advocate also proposes that the Company “implement and**
20 **establish a process to permit waiving all fees associated with late payment**
21 **including, but not limited to, disconnection, reconnection, and late fees, in**
22 **special circumstances such as financial distress or for disabled customers,**
23 **family members of customers or customers with a unique situation.” Does**

1 **the Company incur costs when a customer is disconnected for failure to pay**
2 **and for reconnecting a customer that has been disconnected for failure to**
3 **pay?**

4 A. Yes. Anytime we have to dispatch disconnect or reconnect service, we incur
5 costs.

6 **Q. Did the Consumer Advocate include any adjustment to its revenue**
7 **requirement to reflect the impact of waiving the fees related to the**
8 **disconnection and reconnection of service in its projection of revenues or**
9 **expenses?**

10 A. Since the Consumer Advocate responded to CGC Discovery Request No. 6 that it
11 performed no analysis of the impact of the waiver of fees provision, it appears
12 that no adjustment was made.

13 **Q. Did the Company include any additional costs associated with implementing**
14 **the CAPD's proposed "consumer protection" recommendations in its**
15 **proposed revenue requirement?**

16 A. No.

17 **Q. Does the Company believe that the adoption of these proposed "consumer**
18 **protection" recommendations is necessary at this time?**

19 A. No. CGC works with its customers to address individual concerns and situations
20 and believes that it is not necessary to adopt the CAPD's proposed mandatory
21 service recommendations. The Company believes that a better approach is to
22 allow CGC to respond to individual needs as they arise.

1 **Q. The Consumer Advocate’s witnesses’ views about the Company’s proposed**
2 **rate design and AUA mechanism could lead a decision maker to question**
3 **why the Company is making its proposal at all. Why is the Company**
4 **proposing to align the interests of the Company and its customers?**

5 A. The Company is proposing changes to its rate design because it is the right thing
6 to do for its customers, for its shareholders, and for public policy reasons. By
7 aligning the interests of its customers’ desires to use energy more efficiently with
8 the Company’s interests in having the opportunity to earn the allowed return on
9 its investments, the Company will be able to achieve better customer satisfaction
10 as customers receive the education and information that they need to better
11 manage and reduce their energy usage and their bills. CGC believes that it can be
12 a leader in helping to promote conservation to its customers, but in order to do so
13 effectively, CGC needs to align its interests with its customers’ interests so that it
14 has the opportunity to recover costs and to earn a fair and reasonable return on
15 investments. CGC’s proposed energySMART program along with its proposed
16 rate design modification will accomplish this and also meet the requirements of
17 Tennessee Code Annotated 65-4-126.

18 **Q: Does this conclude your rebuttal testimony?**

19 A. Yes.