



Henry Walker
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April 2, 2015

Herbert Hilliard, Chairman
c/o Sharla Dillon
Tennessee Regulatory Authority
502 Deaderick Street
4th Floor
Nashville, TN 37243



1500042

Re: Petition of B&W Pipeline, LLC for an Increase in Rates

Dear Chairman Hilliard:

Please accept for filing the attached Petition of B&W Pipeline, LLC for an increase in its rates and charges. A courtesy copy has been sent to the Consumer Advocate and Protection Division.

As requested by the TRA Staff, I am also enclosing a CD of the complete filing.

Please call me at 615-252-2363 if you have any questions about this filing.

Sincerely,

BRADLEY ARANT BOULT CUMMINGS LLP

By:

Henry Walker

HW/mkc
Enclosure

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE



IN RE: PETITION OF
B&W PIPELINE, LLC
FOR AN INCREASE IN RATES

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DOCKET NO. 1500042

PETITION OF B&W PIPELINE, LLC FOR AN INCREASE IN RATES

1. B&W Pipeline, LLC ("B&W" or "the Company") petitions the Tennessee Regulatory Authority for an increase in rates pursuant to T.C.A. § 65-5-103. In support of this request, the Company submits the following: pre-filed direct testimony from Rafael Ramon, who manages the day-to-day operations of B&W; pre-filed direct testimony from William H. Novak, a consultant and expert in regulatory accounting, along with Mr. Novak's financial exhibits and workpapers; and, to the extent applicable, the TRA's "Minimum Filing Requirements."

2. The full name and address of the Company's principal place of business is:

B&W Pipeline, LLC
728 S. Jefferson Avenue
Cookeville, TN 38501

3. All correspondence with respect to this Petition should be sent to:

Henry Walker
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

4. B&W owns and operates a natural gas pipeline, approximately fifty miles long, which extends through parts of Pickett, Morgan and Fentress counties. The Company provides gas transportation service to one customer, Navitas TN NG LLC ("Navitas"), a natural gas distribution company which serves residential, commercial, and industrial customers primarily in and around Jellico and Byrdstown, Tennessee.¹

5. The Company's current rate for the transportation of natural gas is \$0.60 per Mcf. That rate was established before B&W bought the pipeline and, as explained in the testimony of Mr. Novak, was never intended to cover the total revenue requirements of the pipeline as a stand-alone business. Under the current rate, the pipeline loses money and projects a net operating loss of \$162,151 during the calendar year 2016, which is the "attrition period" used by Mr. Novak. In order to cover expenses, including depreciation and a fair rate of return, the Company's net operating income during the attrition period should be increased by \$422,688.²

6. The Company is currently discussing an appropriate rate design with Navitas and will file a suggested rate design with the Authority as soon as it is available but, in any event, prior to any hearing on this Petition.

WHEREFORE, B&W respectfully requests:

That notice be issued and a hearing set regarding this Petition;

¹ The pipeline was formerly part of Gasco Distribution Systems, Inc. ("Gasco"), a TRA-certificated entity which also owned the distribution system now owned by Navitas. Following the bankruptcy of Gasco, the pipeline and distribution system were separated. B&W now owns the pipeline and provides service to the distribution system, now owned by Navitas. B&W was issued a certificate of convenience and necessity by the Authority in Docket 13-00151 (Order issued January 8, 2015).

² As shown in Mr. Novak's exhibits, the impact of this increase on the residential and commercial customers of Navitas will be ameliorated by the recent addition of two, large industrial customers.

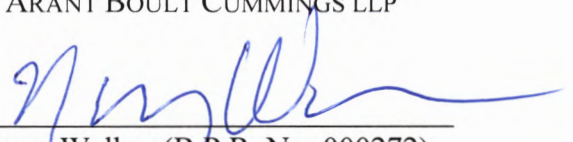
That the Authority find that the Company's existing rates are inadequate and that the increase in rates proposed by the Company will provide a return that is just and reasonable and in the public interest; and

That the Authority grant the company such other relief as may be warranted.

Respectfully submitted,

BRADLEY ARANT BOULT CUMMINGS LLP

By: _____


Henry Walker (B.P.R. No. 000272)
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
Phone: 615-252-2363
Email: hwalker@babbc.com

VERIFICATION

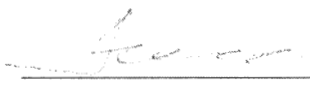
STATE OF FLORIDA

COUNTY OF MIAMI - DADE

I, Rafael E. Ramen, being duly sworn, state that I am the Controller for Enrema, LLC; that I am authorized to make this verification on behalf of B&W Pipeline, LLC; that I have read the foregoing Petition and Exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.

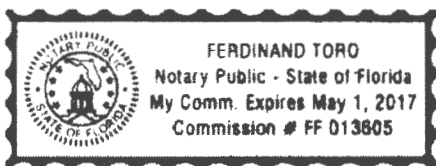


SWORN to and subscribed before me,
this 2 day of APRIL, 2015.


Notary Public

My Commission Expires:

5/1/2017



BEFORE THE TENNESSEE REGULATORY AUTHORITY

PETITION OF B&W PIPELINE, LLC
FOR AN INCREASE IN ITS RATES
AND CHARGES

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Docket No. 15-

DIRECT TESTIMONY
of
RAFAEL E. RAMON

ON BEHALF OF
B&W PIPELINE, LLC

April 2, 2015

1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION***
2 ***FOR THE RECORD.***

3 A1. My name is Rafael E. Ramon. My business address is 728 S. Jefferson Avenue,
4 Cookeville, TN 38501. I am the Controller for Enrema, LLC (“Enrema”).
5 Enrema is an affiliate and service company for B&W Pipeline, LLC (“B&W
6 Pipeline” or “the Company”).

7
8 ***Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND***
9 ***PROFESSIONAL EXPERIENCE.***

10 A2. A detailed description of my educational and professional background is provided
11 in Attachment RER-1 to my testimony. Briefly, I have a Bachelors degree in Civil
12 Engineering, and a Masters degree in Business Administration. I have been
13 employed by Enrema since 2011.

14
15 ***Q3. WHAT DUTIES DO YOU PERFORM AS THE CONTROLLER FOR***
16 ***ENREMA?***

17 A3. Enrema’s primary business is to provide support services for B&W Pipeline and
18 its affiliates. I oversee the operations of B&W Pipeline in Tennessee. As the
19 Controller of Enrema, I am responsible for overseeing the permitting, operational,
20 engineering, construction, financial and business development on new and
21 existing projects and facilities here in Tennessee.

22

1 ***Q4. HOW DOES ENREMA RECOVER ITS COST OF PROVIDING THESE***
2 ***SERVICES TO B&W PIPELINE?***

3 A4. Enrema submits a monthly Operator Fee to B&W Pipeline for \$22,750 (\$273,000
4 annually). As shown on Company Exhibit, Schedule 3, half of this Operator Fee
5 (\$136,500) is allocated to the utility's non-regulated operations. The remaining
6 Operator Fee of \$136,500 is charged to the utility operations.

7
8 ***Q5. WHAT SPECIFIC SERVICES DOES ENREMA PROVIDE IN EXCHANGE***
9 ***FOR THIS OPERATOR FEE AND WHAT IS THE COST OF PROVIDING***
10 ***THESE SERVICES?***

11 A5. Enrema provides management and operating personnel to conduct all the business
12 of the Pipeline, such as but not limited to the following:

- 13 • Operations: flow measurement and monitoring, operation of valves and
14 compressors, supervise, coordinate and execute preventive maintenance
15 and repairs.
- 16 • Administration: Enrema's personnel performs al duties related to
17 bookkeeping, accounts payable and accounts receivable, all regulatory and
18 tax filings, etc.

19 Additionally, Enrema provides the insurance (general liability, umbrella,
20 workmen compensation) under which the B&W Pipeline operates as well as the
21 vehicles, tools, software and shared use of office-space and other resources that
22 allows for works to be properly performed.

1 ***Q6. WHAT ARE YOUR RESPONSIBILITIES FOR B&W PIPELINE?***

2 ***A6.*** I am responsible for the day-to-day operation, engineering, permitting, and long-
3 term planning for B&W Pipeline. Among other things, this includes supervision
4 and daily contact with the operator; review and approval of expenditures;
5 reviewing and resolving customer issues; scoping and obtaining proposals for
6 maintenance work; establishment of contracts; contact with regulatory personnel
7 on existing and future permit requirements and issues; preparation of portions of
8 and review of tariff documents; engineering, including the investigation of
9 physical and operational conditions of the B&W Pipeline system; and evaluation
10 of proposals for plant upgrades and replacement.

11
12 ***Q7. ON WHOSE BEHALF ARE YOU TESTIFYING?***

13 ***A7.*** I am testifying on behalf of B&W Pipeline.

14
15 ***Q8. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
16 ***PROCEEDING?***

17 ***A8.*** I am providing a general overview of B&W Pipeline's operations and a summary
18 of the rate relief that the Company is requesting. Mr. Novak will provide
19 testimony on the Company's accounting methodology for its historical book
20 values as well as the forecasted cost of service calculation and rate design.

21
22 ***Q9. PLEASE DESCRIBE B&W PIPELINE.***

1 A9. B&W Pipeline is a limited liability company authorized to conduct business in
2 Tennessee and is a wholly-owned subsidiary of FIR Energy. The pipeline now
3 owned by B&W Pipeline was formerly owned by Titan Energy Group, Inc. a
4 subsidiary of Gasco Distribution System. As part of the Gasco system, the
5 pipeline operated pursuant to Gasco's certificate. Following the bankruptcy of
6 Gasco, the pipeline was separated from Gasco and sold to B&W Pipeline.

7
8 B&W Pipeline's system is approximately fifty miles long and extends through
9 parts of Pickett, Morgan and Fentress counties. B&W Pipeline provides gas
10 transportation service to Navitas TN NG, LLC ("Navitas") which owns the natural
11 gas distribution system that was formerly owned by Gasco. The current rate for
12 this transportation service is \$0.60 per Mcf and is inadequate to provide B&W
13 Pipeline with recovery of its cost of providing service at a fair rate of return.

14
15 ***Q10. HOW WAS THE CURRENT \$0.60 PER MCF TRANSPORTATION RATE***
16 ***ORIGINALLY DETERMINED?***

17 A10. B&W Pipeline inherited the existing pipeline transportation contract that provided
18 for a \$0.60 rate when it purchased the pipeline assets out of bankruptcy as
19 previously described. The pipeline's previous owner (Titan Energy Group) also
20 owned the Gasco Distribution System (now Navitas). Therefore, the pipeline and
21 distribution rates established by the previous owner were originally designed to

1 provide a complete total return. As a result, the pipeline transportation rate was
2 never intended to recover the complete stand-alone costs of the pipeline.
3

4 ***Q11. WHAT RATE RELIEF IS THE COMPANY REQUESTING?***

5 A11. As will be addressed by Mr. Novak, B&W Pipeline's current rates are inadequate
6 and will not provide the Company a reasonable opportunity to recover its
7 operating cost and earn a just and reasonable return on its investment. Without
8 rate relief, B&W Pipeline will have a revenue deficiency of approximate \$717,000
9 during the attrition period. In order to have an opportunity to earn a just and
10 reasonable return, B&W Pipeline is requesting that it be allowed to increase its
11 rates to eliminate this deficiency.
12

13 ***Q12. DOES THIS CONCLUDE YOUR TESTIMONY?***

14 A12. Yes, it does.

**BEFORE
THE TENNESSEE REGULATORY AUTHORITY**

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PETITION OF B&W PIPELINE, LLC)	
FOR AN INCREASE IN ITS RATES)	Docket No. 15-
AND CHARGES)	
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**DIRECT TESTIMONY
of
WILLIAM H. NOVAK**

**ON BEHALF OF
B&W PIPELINE, LLC**

April 2, 2015

1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND***
2 ***OCCUPATION FOR THE RECORD.***

3 ***A1.*** My name is William H. Novak. My business address is 19 Morning Arbor Place,
4 The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility
5 consulting and expert witness services company.¹

6
7 ***Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND***
8 ***PROFESSIONAL EXPERIENCE.***

9 ***A2.*** A detailed description of my educational and professional background is provided
10 in Attachment WHN-1 to my testimony. Briefly, I have both a Bachelors degree
11 in Business Administration with a major in Accounting, and a Masters degree in
12 Business Administration from Middle Tennessee State University. I am a
13 Certified Management Accountant, and am also licensed to practice as a Certified
14 Public Accountant.

15
16 My work experience has centered on regulated utilities for over 30 years. Before
17 establishing WHN Consulting, I was Chief of the Energy & Water Division of the
18 Tennessee Regulatory Authority where I had either presented testimony or
19 advised the Authority on a host of regulatory issues for over 19 years. In
20 addition, I was previously the Director of Rates & Regulatory Analysis for two
21 years with Atlanta Gas Light Company, a natural gas distribution utility with
22 operations in Georgia and Tennessee. I also served for two years as the Vice

¹ State of Tennessee, Registered Accounting Firm ID 3682.

1 President of Regulatory Compliance for Sequent Energy Management, a natural
2 gas trading and optimization entity in Texas, where I was responsible for ensuring
3 the firm's compliance with state and federal regulatory requirements.
4

5 In 2004, I established WHN Consulting as a utility consulting and expert witness
6 services company. Since 2004 WHN Consulting has provided testimony or
7 consulting services to state public utility commissions and state consumer
8 advocates in at least ten state jurisdictions as shown in Attachment WHN-1.
9

10 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?***

11 ***A3.*** I am testifying on behalf of B&W Pipeline, LLC ("B&W Pipeline" or "the
12 Company").
13

14 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
15 ***PROCEEDING?***

16 ***A4.*** The purpose of my testimony is to present to the TRA the underlying
17 methodology used by B&W Pipeline in the calculation of its attrition period
18 adjustments to rate base and income as shown on Company Exhibits, Schedules 2
19 and 3. In addition, I am responsible for presenting the Company's fair rate of
20 return used to arrive at the revenue deficiency as shown on Company Exhibit,
21 Schedule 1. Finally, I am responsible for the calculation of the new initial
22 proposed rates that will begin providing the Company with the opportunity to

1 recover its reasonable operating expenses and provide a fair return on its
2 investment.

3
4 ***Q5. WHAT HISTORIC TEST PERIOD AND ATTRITION PERIOD HAS THE***
5 ***COMPANY PROPOSED IN ITS FILING?***

6 A5. We have used the twelve months ended December 31, 2014 as our historic test
7 period with adjustments through the twelve months ending December 31, 2016.
8 The twelve months ended December 31, 2014 was chosen as our test period
9 because it was the latest calendar year available as the Company was putting its
10 case together. The twelve months ending December 31, 2016 was chosen as our
11 attrition period because it represented the first twelve-month period that any new
12 rates approved by the TRA would be in effect.

13
14 ***Q6. PLEASE EXPLAIN THE COMPANY'S RATE BASE CALCULATION.***

15 A6. The attrition period rate base of \$2,575,326 shown on Company Exhibit, Schedule
16 2 represents the total projected investment by the owner of B&W Pipeline at June
17 30, 2016, which is the midpoint of the attrition year. This amount also represents
18 the investment on which the Company should be allowed the opportunity to earn
19 a fair rate of return during the attrition period. The individual components of Rate
20 Base are taken from the Company's books and records and are the same amounts
21 reported on the Company's annual report to the TRA. The individual components
22 of Rate Base are further explained below.

23 **Line 5, Total Plant in Service; \$3,154,842.**

1 Utility Plant in Service largely represents the mains and supporting equipment
2 already in place that is used to provide gas transportation service. This amount
3 represents the original cost paid for the system by B&W Pipeline along with
4 subsequent improvements to the system.

5 **Line 6, Accumulated Depreciation; \$633,516.**

6 This item represents the amount of depreciation which has accumulated over the
7 life of the various plant items included in utility plant in service. The Company
8 has current depreciation rates of 3.33% on utility plant. The attrition period
9 adjustment of \$177,984 represents the monthly depreciation on existing and new
10 plant through June 30, 2016, which is the midpoint of the attrition year.

11 **Line 8, Deferred Rate Case Expense; \$54,000.**

12 This item represents the unamortized balance of the Company's cost of preparing,
13 presenting and defending this rate case filing before the TRA. The Company is
14 expecting the total cost of this filing to be \$60,000 and we are asking the TRA to
15 allow us to amortize this cost over a five-year period. The \$54,000 unamortized
16 amount reflects the expected balance at June 30, 2016, which is the midpoint of
17 the attrition year.

18
19 ***Q7 MR. NOVAK, HAVE YOU PROVIDED SUPPORTING WORK PAPERS***
20 ***FOR THE PRO FORMA RATE BASE CALCULATIONS DESCRIBED***
21 ***ABOVE THAT WERE MADE TO THE TEST PERIOD AND ATTRITION***
22 ***period?***

23 **A7.** Yes. The Company has included its supporting rate base workpapers in its filing.

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***Q8. PLEASE EXPLAIN THE COMPANY'S NET OPERATING
INCOME/LOSS CALCULATION.***

A8. The attrition period net operating loss of \$-265,111 represents the projected operating loss by B&W Pipeline, at presently approved rates, for the twelve months ending December 31, 2016. The calculation of this net operating loss is shown on column 5 of Company Exhibit, Schedule 3. The individual components of Net Operating Income are first taken from the Company's books and records and are the same amounts reported on the Company's annual report to the TRA. The individual components of Net Operating Income/Loss are further explained below.

Lines 1-2, Transportation Revenue; \$101,917.

This amount represents the projected gas transportation revenues the Company expects to realize for the twelve months ended December 31, 2016 under current rates. The details of this projection are further shown on Company Exhibit, Schedule 4. To forecast transportation revenue, we first increased the adjusted test period amount of revenues for added customers and then priced out the anticipated usage of these new customers at the existing tariff rates. Navitas has informed the Company of the addition of two new customers that they have already connected to their system. In addition, the Company expects to add volumes from gas transportation to its affiliate that uses gas for oil extraction from local wells in the area.

Lines 3 – 12, Operation Expense; \$243,692.

1 This amount represents the projected expenses necessary for B&W Pipeline to
2 operate the utility. The individual components of Operation Expense are
3 presented on Company Exhibit, Schedule 2. To project the attrition year
4 Operation Expense, the Company made two adjustments to Operator Fees and
5 Professional Services.

6 The Operator Fees represent charges from Enrema, the Company's service
7 affiliate to operate the pipeline. Because B&W Pipeline has no employees of its
8 own, it depends on Enrema to provide these services. These services include
9 oversight of the day-to day operations, monitoring the daily work provided by
10 subcontractors, preparation and review of all regulatory reports and filings, and
11 providing the utility with an emergency contact person on a 24 hour basis. The
12 historic test period amount of Operator Fees of \$273,000 was reduced by 50% to
13 reflect amounts that are allocated to the Non-Utility Operations discussed below.
14 The remaining attrition period amount of \$136,500 reflects front office and back
15 office costs of operating the pipeline.

16 An attrition period adjustment of \$12,000 was made to Professional Services.
17 The Company anticipates that the total legal, regulatory and accounting costs of
18 making, presenting and defending this rate case filing to be \$60,000. The
19 Company is asking the Authority to allow it to amortize these costs over a five-
20 year period beginning January 1, 2016. As shown on Company Exhibit, Schedule
21 5, the \$12,000 increase in this projected expense represents the first year of this
22 amortization.

23
24 **Lines 13 – 17, Maintenance Expense; \$4,148.**

25 This amount represents the projected expenses necessary for B&W Pipeline to
26 maintain the utility plant and pipeline. The individual components of Operation

Expense are presented on Company Exhibit, Schedule 2. The historic maintenance expense for the test period of \$4,148 was used as the anticipated attrition period maintenance expense.

Line 18, Depreciation Expense; \$118,656.

This item represents the annual systematic depreciation on the Company's plant in service. As mentioned above, the Company's currently approved depreciation rates are 3.33% on its utility plant. The historic depreciation expense for the test period of \$118,656 was used as the anticipated attrition period depreciation expense.

Line 19, Taxes Other Than Income; \$532.

This item largely represents the Company's property taxes, franchise taxes and TRA Inspection Fees. The historic expense for the test period of \$532 was used as the anticipated attrition period amount.

Q9. MR. NOVAK, HAVE YOU PROVIDED SUPPORTING WORK PAPERS FOR THE PRO FORMA NET OPERATING INCOME CALCULATIONS DESCRIBED ABOVE THAT WERE MADE TO THE TEST PERIOD AND ATTRITION PERIOD?

A9. Yes. The Company has included its supporting revenue and expense workpapers in its filing.

Q10. PLEASE EXPLAIN HOW THE COMPANY'S REVENUE DEFICIENCY WAS COMPUTED.

A10. As shown on Company Exhibit, Schedule 1, the attrition period net operating loss of \$-265,111 was divided by the average attrition period average rate base of

1 \$2,575,326 to get a rate of return under existing rates of -10.29%. The attrition
2 period rate base was then applied to the Company's requested fair rate of return of
3 10.12% resulting in a required operating income of \$260,537. This means that the
4 Company's current net operating income needs to be increased from \$-265,111 to
5 \$260,537 or by \$525,648 in order to achieve this required operating income.

6 Since the Company is a single member limited liability company, all income
7 flows directly to the owner's tax return. Therefore, the revenue conversion factor
8 is equal to 1.00 and no adjustment for income taxes is necessary. This means that
9 the revenue deficiency is equal to the operating income deficiency of \$525,648.

10
11 ***Q11. HOW DID YOU DETERMINE THE COMPANY'S FAIR RATE OF***
12 ***RETURN OF 10.12%?***

13 A11. I first examined the Company's capital structure. The Company is a single
14 member limited liability company without any debt. Therefore all of the funding
15 has been provided by the owner's equity. To determine a cost of equity, I
16 examined the previous decisions of the TRA in the last 3 rate cases for natural gas
17 utilities as shown on Company Exhibit, Schedule 6. The average return on equity
18 for these three utilities equaled 10.12% which is what the Company is requesting
19 in this case.

20
21 ***Q12. HAS THE COMPANY PREPARED A PROPOSED RATE DESIGN TO***
22 ***RECOVER ITS REVENUE DEFICIENCY?***

1 A12. Under the current rate design structure, the Company's rates would need to be
2 increased from \$0.60 per Mcf to \$3.69 per Mcf in order for B&W Pipeline to
3 recover its revenue deficiency as shown below.

Item	Amount
Attrition Period Revenue at Current Rates	\$101,917
Projected Revenue Deficiency	525,648
Attrition Period Revenue at Proposed Rates	\$627,565
Attrition Period Sales Volumes (Mcf)	169,861
Attrition Period Rate per Mcf	\$3.69

4
5 However, the Company is currently negotiating with Navitas for a traditional
6 pipeline rate design based upon peak day usage that is acceptable to both parties.
7 We expect to have a final rate design to present to the TRA before this matter is
8 scheduled for hearing.

9
10 ***Q13. DOES THIS COMPLETE YOUR TESTIMONY?***

11 A13. Yes it does. However I reserve the right to incorporate any new information that
12 may subsequently become available.

**BEFORE
THE TENNESSEE REGULATORY AUTHORITY**

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PETITION OF B&W PIPELINE, LLC)	
FOR AN INCREASE IN ITS RATES)	Docket No. 15-
AND CHARGES)	
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COMPANY EXHIBIT

March 31, 2015

**B&W Pipeline
Revenue Deficiency
For the 12 Months Ending December 31, 2016**

**Company Exhibit
Schedule 1**

	<u>Trial Balance Amount</u>	<u>Test Period Adjustments</u>	<u>Adjusted Test Period</u>	<u>Attr Period Adjustments</u>	<u>Attrition Period</u>
Rate Base	\$2,699,310 A/	\$0 A/	\$2,699,310 A/	-\$123,984 A/	\$2,575,326 A/
Net Operating Income (Loss)	<u>-472,596 B/</u>	<u>153,751 B/</u>	<u>-318,845 B/</u>	<u>156,693 B/</u>	<u>-162,151 B/</u>
Earned Rate of Return	-17.51%		-11.81%		-6.30%
Fair Rate of Return	10.12% C/		10.12% C/		10.12% C/
Required Net Operating Income	<u>\$273,080</u>		<u>\$273,080</u>		<u>\$260,537</u>
NOI Deficiency:	\$745,676		\$591,925		\$422,688
Revenue Conversion Factor	<u>1.000000 D/</u>		<u>1.000000 D/</u>		<u>1.000000 D/</u>
Revenue Deficiency	<u>\$745,676</u>		<u>\$591,925</u>		<u>\$422,688</u>

A/ Company Exhibit, Schedule 2.

B/ Company Exhibit, Schedule 3.

C/ Company Exhibit, Schedule 6.

D/ Company is a single member LLC.

Therefore all income flows to the owner's personal tax returns, and the resulting Revenue Conversion Factor =1.000000.

B&W Pipeline
Rate Base
For the 12 Months Ending December 31, 2016

Company Exhibit
Schedule 2

<u>Line No.</u>		<u>Trial Balance Amount</u>	<u>Test Period Adjustments</u>	<u>Adjusted Test Period</u>	<u>Attr Period Adjustments</u>	<u>Attrition Period</u>
	Plant in Service:					
1	Intangible Plant (303)	\$88,450 A/	\$0	\$88,450	\$0	\$88,450
2	Land & Land Rights (374)	20,100 A/	0	20,100	0	20,100
3	Structures & Improvements (375)	11,292 A/	0	11,292	0	11,292
4	Mains (376)	3,035,000 A/	0	3,035,000	0	3,035,000
5	Total Plant in Service	\$3,154,842	\$0	\$3,154,842	\$0	\$3,154,842
6	Less Accumulated Depreciation	455,532 A/	0	455,532	177,984 B/	633,516
7	Net Plant in Service	\$2,699,310	\$0	\$2,699,310	-\$177,984	\$2,521,326
	Other Rate Base Items:					
8	Deferred Rate Case Expense	\$0	\$0	\$0	\$54,000 C/	\$54,000
9	Total Other Rate Base Items	\$0	\$0	\$0	\$54,000	\$54,000
10	Total Rate Base	\$2,699,310	\$0	\$2,699,310	-\$123,984	\$2,575,326

A/ Per Company Trial Balance and TRA Annual Report.

B/ Annual Depreciation Expense * 1.5 to approach the estimated balance at the midpoint of the Attrition Year.

C/ Company Exhibit, Schedule 4.

B&W Pipeline
Net Operating Income
For the 12 Months Ending December 31, 2016

Company Exhibit
Schedule 3

Line No.		Trial Balance Amount	Test Period Adjustments	Adjusted Test Period	Attr Period Adjustments	Attrition Period
Revenues:						
1	Transportation Revenue (400)	\$36,183 A/	\$0	\$36,183	\$168,693 D/	\$204,877
2	Total Revenue	<u>\$36,183</u>	<u>\$0</u>	<u>\$36,183</u>	<u>\$168,693</u>	<u>\$204,877</u>
Expenses:						
Operation Expense (401)						
3	Operator Fee	\$273,000 A/	-\$136,500 B/	\$136,500	\$0	\$136,500
4	Bank Fees	95 A/	0	95	0	95
5	Dues & Subscriptions	12,930 A/	0	12,930	0	12,930
6	Rights of Way Payments	67 A/	0	67	0	67
7	Electric Expense	881 A/	0	881	0	881
8	Chart Service Expense	3,212 A/	0	3,212	0	3,212
9	Materials Expense	274 A/	0	274	0	274
10	Road Maintenance Repair	3,350 A/	0	3,350	0	3,350
11	Professional Services	74,383 A/	0	74,383	12,000 E/	86,383
12	Total Operation Expense (401)	<u>\$368,192</u>	<u>-\$136,500</u>	<u>\$231,692</u>	<u>\$12,000</u>	<u>\$243,692</u>
Maintenance Expense (402)						
13	Equipment Maintenance Service	\$980 A/	\$0	\$980	\$0	\$980
14	Equipment Repair Service	1,861 A/	0	1,861	0	1,861
15	Line Locate	1,145 A/	0	1,145	0	1,145
16	Disassemble Service	163 A/	0	163	0	163
17	Total Maintenance Expense	<u>\$4,148</u>	<u>\$0</u>	<u>\$4,148</u>	<u>\$0</u>	<u>\$4,148</u>
Other Expenses						
18	Depreciation Expense (403)	\$118,656 A/	\$0	\$118,656	\$0	\$118,656
19	Taxes Other Than Income (408.1)	532 A/	0	532	0	532
20	Total Other Expenses	<u>\$119,188</u>	<u>\$0</u>	<u>\$119,188</u>	<u>\$0</u>	<u>\$119,188</u>
21	Total Expenses	<u>\$491,528</u>	<u>-\$136,500</u>	<u>\$355,028</u>	<u>\$12,000</u>	<u>\$367,028</u>
22	Income (Loss) from Non-Utility Operations (417)	<u>-\$17,251 A/</u>	<u>\$17,251 C/</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
23	Net Operating Income (Loss)	<u>-\$472,596</u>	<u>\$153,751</u>	<u>-\$318,845</u>	<u>\$156,693</u>	<u>-\$162,151</u>

A/ Per Company Trial Balance and TRA Annual Report.
B/ Allocation of 50% of Operator Fee to Non-Utility Operations.
C/ Elimination of Non-Utility Income.
D/ Company Exhibit, Schedule 4.
E/ Company Exhibit, Schedule 5.

**B&W Pipeline
Attrition Period Revenues
For the 12 Months Ending December 31, 2016**

**Company Exhibit
Schedule 4**

<u>Line No.</u>		<u>Projected MCF Throughput</u>	<u>Current Rate</u>	<u>Amount</u>
	Projected Revenue for 2016:			
1	Navitas (Albany & Byrdstown)	60,411 A/	\$0.60	\$36,247
2	New Industrial Customer #1	146,000 B/	0.60	87,600
3	New Industrial Customer #2	87,600 B/	0.60	52,560
4	B&W Pipeline Intercompany Transportation	47,450 C/	0.60	28,470
5	Total Projected Attrition Period Revenue	<u>341,461</u>		<u>\$204,877</u>
6	Test Period Revenue			<u>\$36,183 D/</u>
7	Attrition Period Revenue Adjustment			<u>\$168,693</u>

A/ Test Period throughput.

B/ Estimated throughput for new customers from Navitas.

C/ Estimated transportation throughput to B&W affiliates.

D/ Company Exhibit, Schedule 3

**B&W Pipeline
Deferred Rate Case Expense
For the 12 Months Ending December 31, 2016**

**Company Exhibit
Schedule 5**

<u>Line No.</u>		<u>Amount</u>
	Estimated Rate Case Costs:	
1	Legal Costs	\$30,000 A/
2	Financial & Regulatory Costs	30,000 B/
3	Total Estimated Rate Case Costs	<u>\$60,000</u>
4	Proposed Amortization Period (Months)	<u>60</u>
	Amortization Expense & Deferred Cost Balance:	
		Amortization
		Deferred Cost
5	December 2015	\$60,000
6	January 2016	\$1,000 59,000
7	February	1,000 58,000
8	March	1,000 57,000
9	April	1,000 56,000
10	May	1,000 55,000
11	June	1,000 54,000
12	July	1,000 53,000
13	August	1,000 52,000
14	September	1,000 51,000
15	October	1,000 50,000
16	November	1,000 49,000
17	December	1,000 48,000
18	Total/13 Month Average	<u>\$12,000</u> <u>\$54,000</u>

A/ Estimated legal costs for Bradley Arant Boult Cummings, LLP.

B/ Estimated financial and regulatory costs for WHN Consulting.

**B&W Pipeline
Proposed Return on Equity
For the 12 Months Ending December 31, 2016**

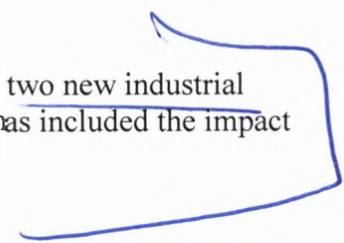
**Company Exhibit
Schedule 6**

<u>Line No.</u>		<u>TRA Docket</u>	<u>Approved Equity Return</u>
	Utility:		
1	Atmos Energy Corporation	12-00064	10.10%
2	Chattanooga Gas Company	09-00183	10.05%
3	Piedmont Natural Gas Company	11-00144	10.20%
4	Average		<u>10.12%</u>

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

1. If material to the LDC's cost or level of service in Tennessee, please provide a comprehensive discussion of all abnormal conditions or changes in condition that (a) occurred during the last three years or (b) are reasonably anticipated to occur up to the anticipated hearing date in this case. Explain how these changes will affect the LDC's Tennessee operations going forward. The discussion should include, but not be limited to the following:
- a. Management changes
 - b. Operational changes
 - c. Administrative changes
 - d. Recent or pending mergers, consolidations, or acquisitions
 - e. Major changes in sales or transportation volumes
 - f. Pending negotiations for possible changes in sales or transportation volumes to any current or prospective commercial or industrial customer.
 - g. Changes in pipeline allocations.
 - h. Labor contracts and/or Union problems
 - i. Expenses

RESPONSE:

- a. Not applicable.
 - b. Not applicable.
 - c. Not applicable.
 - d. Not applicable.
 - e. Navitas has informed B&W Pipeline that it expects to add two new industrial customers with relatively material loads. B&W Pipeline has included the impact of these additions Schedule 4 of the Company Exhibit.
 - f. Not applicable.
 - g. Not applicable.
 - h. Not applicable.
 - i. Not applicable.
- 

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

2. State the effect that each of the applicable changes discussed in Item 1 has had or will have on the LDC's, its Parent's, Multi-State Utility's, or Affiliated Utility Service Company's, revenues, expenses, rate base, and capital structure, including the LDC's, its Parent's, Multi-State Utility's, or Affiliated Utility Service Company's, method of allocating each change among its regulated, unregulated, and jurisdictional operations.

RESPONSE:

The Company estimates the impact of the change in transportation volumes discussed in MFR 1e will be an increase in attrition period revenues of \$168,693 as shown on Company Exhibit, Schedule 4.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

3. Provide a current organizational chart for the LDC and, if applicable, its Parent, Multi-State Utility, or Affiliated Utility Service Company, showing for each officer (or any other key personnel) of the LDC, its Parent, Multi-state Utility, or Affiliated Utility Service Company: (a) the department(s) they head, and (b) to whom they report, from department or office level up. Only officers and key personnel, all or some portion of whose compensation is sought to be recovered from Tennessee ratepayers, must be included in the chart.

RESPONSE:

Please see Attachment 3-1.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

4. Provide six (6) copies of the Annual Stockholder Reports, the 10K reports, and 10 Q reports for the LDC, its Parent, Multi-state Utility, or Affiliated Utility Service Company, for the last three (3) years.

RESPONSE:

Not applicable to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

5. If the LDC is a separate entity, provide a current chart of accounts for the LDC and, if applicable, its Affiliated Utility Service Company. If the LDC is an operating division, also provide a current chart of accounts for the Multi-state Utility.

RESPONSE:

Please see Attachment 5-1.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

6. Provide copies of all rate case orders for the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company issued since the LDC's last rate case or within the past three (3) years, whichever time is shorter.

RESPONSE:

Not applicable to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

7. Provide any costs associated with any employment and/or termination contracts the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company has or has had with management personnel since the last rate filing in Tennessee, and provide copies of such.

RESPONSE:

Not applicable to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

8. Provide a detailed General Ledger for the latest 24 months for the LDC, its Parent, Multi-State Utility, and Affiliated Utility Service Company.

RESPONSE:

Please see Attachments 8-1 and 8-2 for the General Ledger for 2013 and 2014 respectively.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

9. If the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company, seeks to recover in its rates to the Tennessee ratepayers any separation payments made under any of the contracts, state the amount of any separation payments since the last rate filing in Tennessee.

RESPONSE:

Not applicable to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

10. Provide a detailed Trial Balance for the last two (2) fiscal years for the LDC, its Parent, Multi-State Utility, and Affiliated Utility Service Company, by month, by account, including adjusting entries and post-closing balances.

RESPONSE:

Please see Attachments 10-1 and 10-2 for the trial balance schedules for 2013 and 2014 respectively.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

11. If not provided in response to other items, provide the latest fiscal year-end Income Statement and Balance Sheet for the LDC, its Parent, Multi-State Utility, and Affiliated Utility Service Company. Provide an explanation of any differences in the year-end Income Statement and Balance Sheet for the LDC, its Parent, Multi-State Utility, and Affiliated Utility Service Company as set forth in its Annual Report to shareholders and its internal financial statements.

RESPONSE:

Please see Attachments 11-1 and 11-2 for a copy of the 2014 Balance Sheet and 2014 Income Statement.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

12. Provide all detailed workpapers, cost studies, or other data supporting all proposed tariff changes, adjustments to revenues, expenses, rate base, and other changes included in the testimony and exhibits filed by the LDC. Provide computer files containing schedules for all computer-based calculations.

RESPONSE:

Please refer to the Company Exhibit included with the filing.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

13. Provide a detailed list of all the LDC's affiliated party transactions for the past two years, including the nature and amount of each transaction.

RESPONSE:

Please refer to the Company's response to Item #8. Specifically refer to the Operator Fee in Account #51800. This represents the only allocated charges from an affiliate to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

14. Provide a list of outside professional services, as recorded in NARUC Account No. 923, provided to the LDC for the past two (2) years, showing the nature of each service and the total charge for each service.

RESPONSE:

Please refer to the Company's response to Item 10. Specifically refer to Accounts 52111 (Legal) and 52112 (Accounting).

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

15. Provide a list of the LDC's customer service initiatives, and performance measures, including a description and analysis of the effectiveness of each for the last two (2) years. If applicable, the analysis should include, but not be limited to, time to connect the customer to the system, response time to service inquiries, restoring of service, new meter installations, billing inquiries, meeting appointment times, etc. If you have identified other areas that you monitor, include them in this response.

RESPONSE:

Not applicable to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

16. Please provide support for **all** statistics referenced in all testimony filed by the LDC in this case.

RESPONSE:

Not applicable to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

17. Identify the LDC's twenty-five (25) largest customers, based on volumes delivered, for the latest fiscal year. If the LDC projects a material change in the volumes delivered or rates charged to any such customer, provide a mailing address, contact person, telephone number, and the following information for each customer:
- a. Transportation and sales volumes by tariff and by month for the last three (3) fiscal years for each customer, including the step volume information for the appropriate classification.
 - b. Copies of all correspondence and notes of discussion or meetings with these customers regarding their anticipated usage from the test period through the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. Navitas is the only customer of B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

18. Provide the number of the LDC's customers by rate classification and by month for the last three (3) fiscal years. Provide a summary schedule showing the number of days in each billing cycle for each month for the latest 18 months. Provide computer files for this information.

RESPONSE:

Not applicable to B&W Pipeline. Navitas is the only customer of B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

19. Provide a list of the LDC's customers who have changed rate classes in the test period. Show the schedule movement and any adjustments you have made to the bills and usage for the attrition period. Provide the number of net additions by customer classification and by month for the latest 24 months.

RESPONSE:

Not applicable to B&W Pipeline. Navitas is the only customer of B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

20. Provide the number of the LDC's billing cycles per month and the identity of any specific groups of customers billed on a particular cycle.

RESPONSE:

Not applicable to B&W Pipeline. Navitas is the only customer of B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

21. Provide a copy of all weather normalization workpapers used in projecting attrition period revenues. Provide weather normalized (if applicable) sales volumes in dekatherms, by class of customer and supporting documentation for the test period. Provide computer files for this information.

RESPONSE:

Not applicable to B&W Pipeline. Navitas is the only customer of B&W Pipeline. Since B&W has no customer classifications, no weather normalization study was undertaken.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

22. Provide a copy of any usage and growth trends and any adjustments used to project revenues.

RESPONSE:

Not applicable to B&W Pipeline. No usage or growth trends were used to project attrition period revenues.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

23. Provide the computation of an average bill for a residential heating customer under the present and proposed rate schedules.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no residential customers.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

24. Provide the computation of the average cost of adding a new residential customer in Tennessee for the last three (3) fiscal years.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no residential customers.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

25. Provide a breakdown by source of all revenues shown as “Other Operating Revenues” for the test period and attrition period. Include the units and rates for each source.

RESPONSE:

Not applicable to B&W Pipeline. B&W has no other operating revenues from utility operations.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

26. Explain any large variances in Other Revenues between the test period and the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. B&W has no other operating revenues from utility operations.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

27. List all special contract customers and their usage by month during the test period.
Explain any anticipated changes in usage during the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. B&W has no special contract customers.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

28. Provide a comparative analysis of heating costs for a typical residential customer using current electric and gas rates. State the Company's assumptions in preparing this analysis, along with backup for those assumptions.

RESPONSE:

Not applicable to B&W Pipeline. B&W has no residential customers.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

29. For all NARUC or FERC accounts 700 through 932, show the gross and net expense after deducting salaries and wages, by month, since the lesser of (a) the last three (3) fiscal years or (b) the filing date of the last rate case. Also, provide the same information projected for the attrition year.

RESPONSE:

Not applicable to B&W Pipeline. B&W has no salary and wages mixed in with its regular accounts.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

30. Provide detailed schedules explaining the calculation of the growth factor used to project expenses through the attrition year. Please break down the calculation between the inflation and customer growth components.

RESPONSE:

Not applicable to B&W Pipeline. B&W did not use any growth factors to project attrition year expenses.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

31. Provide a schedule(s) of employees for the test period, identifying them as hourly or salaried, part or full time, and the account to which their compensation is charged. Identify the regular, overtime, and total hours worked during the test period. Also, show the regular and total earnings during the test period. For those employees working only a partial year, give the dates of employment. Identify pay raises, month and percentage, from the test period through the attrition year. Where appropriate, show the allocation of compensation for such employees or appropriate employee group between states and between utility and non-utility operations. Also, indicate any anticipated changes in employment levels through the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no employees.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

32. Provide a schedule showing by month, for the last two (2) fiscal years through the test period, identifying the amount and percentage of total payroll capitalized on a total Company, total LDC, and Tennessee only basis. Provide a detailed calculation of the percentage used to capitalize payroll for the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no capitalized payroll.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

33. Provide a description of each type of service that employees of the Parent, Multi-state Utility, or Affiliated Utility Service Company perform for the Tennessee operations.

RESPONSE:

The LDC does not have employees of its own. On the contrary, it has a hired manager and operator. Several employees of the Operator have some extent of involvement in the day to day operations of the LDC but most prominently the following four employees have a more direct involvement:

Frank Cash (Pipeline operator and supervisor). Entirely dedicated to maintenance, supervision, measurement and monitoring of the lines.

Rafael Ramon. (Controller) Performs monthly gas balancing, bills customers, pays bills and coordinates all tax, accounting, finance and regulatory matters of the operation.

Marcelo Recchia. (General Manager) Defines strategies, plans of expansion and supervises the work of Mr. Cash and Mr. Ramon.

Nelson Bastidas. (Operations Engineer) Coordinates with Mr. Cash the service crews when necessary.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

34. Provide copies of the latest labor union contracts for the LDC.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no labor union contracts.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

35. For the test period and attrition period, provide detailed workpapers supporting the calculation of the life insurance expense, long-term disability, hospitalization and medical expenses, and other miscellaneous employee insurance expenses. Show the total and capitalized amounts. Provide actual rates for the benefits that the LDC pays. Provide the amounts that the employee contributes for these benefits.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no employee insurance expense.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

36. Provide a liability and property insurance schedule for the test period, identifying the policies in effect, the type of coverage, the coverage period, the annual premiums, the amount included as an expense, the account charged, the beneficiaries and the allocation used. Also, provide the same information for those policies currently in effect and any anticipated changes in policies through the attrition period. Where applicable, provide the name of the insurance company with a contact person and telephone number.

RESPONSE:

Please see Attachment 36-1.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

37. Provide the latest actuarial studies for pension expense and liabilities (FAS 87) and post employment benefits other than pensions (FAS 106).

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no FAS 87 or FAS 106 related expenses.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

38. Does the LDC have a written policy regarding non-base pay compensation or stock options? If so, please provide a copy of this policy. Were any amounts paid or accrued during the test period? If so, please provide a schedule of employees, showing the amount paid or accrued and the basis of the calculation. Provide the same information for the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no non-base pay compensation or stock options.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

39. Provide a detailed analysis of advertising expense for the test period. Provide and discuss the LDC's projected advertising expenses from the end of the test period through the attrition period. For each month, identify the amount of advertising classified as follows:
- a. Institutional
 - b. Conservation
 - c. Informational
 - d. Promotional
 - e. Promotional for the sale of appliances

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no advertising expense.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

40. Provide the amount of expense recorded in NARUC Account 931 for the rental of equipment or other property, for each month of the test period. Provide copies of Lease Agreements if applicable.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no leased equipment.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

41. Provide a schedule identifying all directors of the LDC, its Parent, Multi-state Utility, or Affiliated Utility Service Company, dates of meetings attended, and the amount of directors' fees attributable to each meeting for each month of the test period. Identify the account to which these fees are booked.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member limited liability company. As such it has no directors.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

42. Provide a copy of the LDC's Cost Allocation Study and support for any proposed changes in rate design.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline does not have a cost allocation study. In addition, B&W Pipeline only has one customer. Therefore any changes in rate design arising from this rate case would be allocated entirely to this one customer.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

43. Provide the amount of direct and allocated charges to the LDC from its Parent, Multi-State Utility, or Affiliated Utility Service Company, by account, for each month of the test period and the projected amount for each month of the attrition period.

RESPONSE:

Please refer to the Company's response to Item #8. Specifically refer to the Operator Fee in Account #51800. This represents the only allocated charges from an affiliate to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

44. Provide the amount of each lobbying expense, charitable contribution, social club membership and athletic event paid by its Parent, Multi-State Utility, or Affiliated Utility Service Company and allocated to the LDC for each month of the test period and included in costs to be recovered in regulated rates. Provide the same information and breakdown for any amounts paid directly by the LDC and included in costs to be recovered in regulated rates. Identify the accounts charged for each amount.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has none of the expenses mentioned.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

45. Provide a detailed itemization of the rate case costs by law firm and rate case consultant.

RESPONSE:

Please refer to Schedule 5 of the Company Exhibit accompanying the rate case filing.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

46. Please identify any changes since the last Tennessee rate case in the Long-Term Incentive Plan ("LTIP") criteria for compensation. Further, identify the amount and account charged for the LTIP in the test period and the attrition year.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no long-term incentive plan compensation.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

47. Provide copies of the following tax returns (state and federal) for the most recent three (3) tax years:
- a. Tennessee Gross Receipts Tax Returns
 - b. Tennessee Franchise and Excise Tax Returns
 - c. Property tax statement Tennessee Ad Valorem Tax Report
 - d. Employer's Quarterly Federal Tax Returns (Form 941)
 - e. Employer's Annual Federal Unemployment Tax Return (Form 940)
 - f. Employer's Quarterly Contribution Report to the Tennessee Department of Employment Security

RESPONSE:

- a. Please see Attachments 47a-1, 47a-2, 47a-3, 47a-4, 47a-5 and 47a-6 for copies of the Company's municipal and county Gross Receipts Tax Returns for 2012, 2013, and 2014.
- b. Please see Attachments 47b-1, 47b-2 and 47b-3 for copies of the Company's Franchise & Excise Tax Returns for 2012, 2013 and 2014.
- c. Please see Attachments 47c-1 and 47c-2 for copy of the Company's Tennessee Ad Valorem Tax Report for 2012, 2013 and 2014.
- d. Not applicable to B&W Pipeline. B&W Pipeline has no employees.
- e. Not applicable to B&W Pipeline. B&W Pipeline has no employees.
- f. Not applicable to B&W Pipeline. B&W Pipeline has no employees.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

48. Provide the following Federal Income Tax data for the Tennessee Operations for the test year and the attrition year:
- a. The calculation of the LDC's federal income tax expense. The calculated amount should reconcile to the amount reported on the Tennessee PSC 3.03 surveillance reports
 - b. A detailed calculation of the permanent book and tax differences
 - c. A detailed calculation of the temporary book and tax differences
 - d. Operating federal income taxes deferred – accelerated depreciation
 - e. Federal income taxes – operating
 - f. Income credits resulting from prior deferrals of federal income taxes

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member limited liability company. Therefore liability (if any) for Federal Income Taxes is paid directly by its owner and not included in the cost of service for B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

49. Provide a reconciliation of book to taxable income and a calculation of the federal income tax expense on a total Company, total LDC, and Tennessee only basis for the test period and for the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member limited liability company. Therefore liability (if any) for Federal Income Taxes is paid directly by its owner and not included in the cost of service for B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

50. Provide the unemployment tax rate presently being paid, broken down into state and federal rates, and any anticipated change in the state unemployment rate.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no employees.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

51. Provide monthly plant additions and retirements by account number for the last three (3) fiscal years to include the test period. Please break down plant additions into normal or special projects, as defined below:
- a. Normal construction requirements should be considered to include the needs created through normal system expansion, such as serving residential areas, shopping areas, old home conversions, replacements of tools and work equipment, transportation equipment, etc.
 - b. Special construction requirements should be considered to arise from extensive replacement of old facilities which cannot be foreseen, major expansion projects such as industrial parks, system improvements such as change from low pressure to high pressure required because of changing delivery patterns, and changes required by government action such as street improvement and relocation, community and neighborhood development, bridge replacement, etc. These requirements should be considered to be outside the control of the LDC.
 - c. For the last three (3) fiscal years, identify any contributions in aid of construction.

RESPONSE:

Please refer to Attachment 51-1, 51-2 and 51-3 which provide a balance sheet comparison of plant from 2011 through 2014. All of B&W Pipeline plant additions should be considered to be normal. However, none of B&W Pipeline plant additions will result in additional customers being served since B&W Pipeline only provides transportation service to a single customer.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

52. Break down budgeted plant additions between normal and special projects, using the criteria defined above, for the months between the end of the last fiscal year and the end of the attrition period. Provide sufficient detail of each individual project as to the date of inception and completion, and the proposed methods of financing. Identify those budgeted plant additions that are in process or have already been completed. Basic assumptions underlying budgets should also be submitted including the assumptions for sales volumes.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no budgeted plant additions.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

53. Identify all special projects from the end of the test period through the attrition period, using the criteria defined in Item 52 above, by work order number and include the estimated cost. Provide a signed authorization for each special project and identify the planned starting and completion dates.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no budgeted plant additions.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

54. Identify by account the salvage and cost of removal for retirements provided in response to Item 64 for the last four (4) fiscal years to include the test period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has had no salvage or removal costs in the last four fiscal years.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

55. Describe the LDC's budgeting process including, but not limited to the following:
- a. How far in advance are operating and construction budgets prepared? On what basis is the total operation and construction budget determined? Explain the "approval process" in budget development.
 - b. How many views or updates of the same budget year are made before a final view is adopted?
 - c. Are budgets prepared on a monthly, quarterly, or annual basis?
 - d. Which individual or department has overall responsibility for budgets/reconciliations?
 - e. Once a final budget has been adopted, are budget to actual (reconciliation) comparisons routinely made? How frequently are reconciliations prepared and by whom?
 - f. For the last two (2) completed fiscal years, provide copies of all budgets, budget to actual and indicate reasons for the variances.
 - g. Comparisons on a total Company, total LDC, and Tennessee only basis.
 - h. Provide total LDC and Tennessee Operations budgets and all supporting workpapers for the current fiscal year and next fiscal year.

RESPONSE:

Not applicable to B&W Pipeline. Because of the relatively small size of B&W Pipeline, there are no capital or operating budgets prepared.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

56. Provide schedules showing the development of the average Tennessee account balances listed below for the last fiscal year. (If partially provided in other items, provide the remaining data here.)
- a. Gas Plant in Service
 - b. Construction Work in Progress
 - c. Inventories
 - d. Deferred debits
 - e. Reserves
 - f. Customer Deposits
 - g. Interest on Customer Deposits
 - h. Contributions in Aid of Construction
 - i. Accumulated Deferred FIT
 - j. Accumulated Depreciation
 - k. Accounts Payable applicable to CWIP
 - l. Accounts Payable applicable to Materials & Supplies
 - m. Customer Advances
 - n. Materials and Supplies
 - o. Accounts Receivable – Other
 - p. Prepaids

RESPONSE:

Please refer to the Company's response to Item #8. Specifically refer to Account 12600 for Utility Plant (Item A) and Account 12700 for Accumulated Depreciation (Item B). The remaining items listed above are not applicable to B&W Pipeline.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

57. Provide an explanation and calculation of the method used to allocate to Tennessee any portions included in Item 56 above.

RESPONSE:

All amounts are direct Tennessee amounts. No allocations are used.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

58. Provide the investment, accumulated depreciation, and deferred FIT on all property that is owned by an affiliate of the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company, where applicable, and leased or allocated to the LDC or Multi-state Utility. An operating division of a Multi-State Utility is not an affiliate.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member limited liability company. Therefore the liability (if any) for Federal Income Taxes is paid directly by its owner and not included in the cost of service for B&W Pipeline. Since none of the Federal Income Tax is paid by B&W Pipeline, none of the deferred FIT is recognized on B&W Pipeline books.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

59. Has the LDC updated the Lead-Lag Study since its last rate case? If so:
- a. Provide a copy of the Lead-Lag Study workpapers.
 - b. Provide the percentage of the sample tested to the total test period dollar amount for each account in the Lead-Lag Study.
 - c. Provide a comparison of the Lead-Lag Study used in this case with the Study used in the previous case and explain any major changes.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has not included working capital in its rate filing.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

60. Provide a description of the policy of the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company, with respect to maintaining minimum cash balances. Provide copies of supporting management directives or minutes from directors' meetings supporting such policies.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has not included working capital in its rate filing.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

61. Provide a list of all the LDC's checking accounts, identifying the nature and use for each. Provide a copy of all the LDC's bank statements for each month during the test period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has not included working capital in its rate filing.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

62. Explain the nature and extent of each of the LDC's or, where applicable, Multi-state Utility's non-regulated operations.

RESPONSE:

An affiliate of B&W Pipeline provides gas to end users from wells owned by the affiliate.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

63. Provide an Income Statement and identify assets devoted to and liabilities specifically arising from non-regulated operations of the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company, for the last two (2) fiscal years. For each year, identify each class of revenue separately (appliance, propane sales, etc.). The statements should include the following information for each year:
- a. The direct expense incurred by the LDC for each operation.
 - b. The general office expense allocated to each operation by the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company
 - c. All expenses charged to the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company, from the non-regulated activities.
 - d. All revenues billed by the LDC's regulated operations to the non-regulated operations.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has excluded the impact of its non-regulated operations from its rate case. Please refer to Line 22 of Schedule 3 from the Company Exhibit.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

64. Provide a complete explanation and calculation of how costs (other than salaries and wages) as requested above were allocated to non-utility operations for the test period and for the period from the end of the test period through the attrition period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has excluded the impact of its non-regulated operations from its rate case. Please refer to Line 22 of Schedule 3 from the Company Exhibit.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

65. Provide the percentage of non-regulated labor for the test period.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has excluded the impact of its non-regulated operations from its rate case. Please refer to Line 22 of Schedule 3 from the Company Exhibit.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

66. Provide a calculation of the LDC's, its Parent's, Multi-State Utility's, or Affiliated Utility Service Company's, debt, equity capital and the debt and equity ratios for the last two (2) years. Show long and short-term debt, preferred stock and common equity separately.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC. As such, the entire capital of B&W Pipeline is funded from the equity of its owner without any debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

67. Provide a copy of any information filed with other Regulatory Commissions (other than the Tennessee Regulatory Authority) where such information describes the Company's debt position and equity position. Provide all data submitted in the last twelve-(12) months and also on a forward-going basis.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has no information on file with any other regulatory commission.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

68. Provide a calculation of the average composite interest cost for the long-term debt and short-term debt for the last two (2) years.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member limited liability company and has no debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

69. Provide a schedule identifying the following for the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company, for the last two (2) fiscal years and adjust for any stock splits:
- a. Primary earnings per share
 - b. Fully diluted earnings per share
 - c. Dividends per share
 - d. Book value per share
 - e. High market price for each year
 - f. Low market price for each year
 - g. Average market price for each year

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member limited liability company. As such, the entire capital of B&W Pipeline is funded from the equity of its owner without any debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

70. Provide a schedule identifying the date and amount of each common stock dividend paid during the last three (3) fiscal years. Include any announced future dividend payments and adjust for any stock splits.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has paid no dividends during the last three fiscal years.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

71. Provide the computer file showing items below for the Parent, Multi-State Utility, or Affiliated Utility Service Company, for each of the last fifteen (15) fiscal years:
- a. Earnings, annual dividends declared, annual dividends paid, book value of common equity, and price of common equity (each item should be shown per average actual common share outstanding, adjusted for stock splits and stock dividends)
 - b. Rate of return to average common equity
 - c. Common stock earnings retention ratio
 - d. For common stock not issued to the public, but issued pursuant to a) tax reduction act stock ownership plans, b) employee stock option plans, and c) dividend reinvestment plans, provide net proceeds per common share issued, and number of shares issued and previously outstanding at the beginning of the year. Provide the information separately for each of the three (3) types of plans and report each plan's information as annual aggregate or as an average and indicate whether you are providing an average or aggregate figure.
 - e. For those issues of common stock sold to the public and not falling under d. above, provide:
 - 1) Date of issue
 - 2) Number of shares issued and previously outstanding for each issue and in the aggregate
 - 3) Number of shares sold to the public
 - 4) Gross proceeds per share from the public
 - 5) Net proceeds per share from the public
 - 6) Price per share to the public

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member limited liability company. As such, the entire capital of B&W Pipeline is funded from the equity of its owner without any debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

72. In a computer file, provide the balance for the following for each month of the latest fiscal year:
- a. Long- and medium-term debt by issue and aggregated
 - b. Preferred stock by issue and aggregated
 - c. Common equity

RESPONSE:

B&W Pipeline is a single member LLC. As such, the entire capital of B&W Pipeline is funded from the equity of its owner without any debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

73. In a computer file, provide a schedule, for each month of the latest fiscal year, showing interest rates, dividend rates, the monthly amortization of discount, premium and issuance expense and the monthly unamortized balances of discount, premium and issuance expense for long-term debt and preferred stock identified in response to the item above. Specifically, be sure to provide in your response for each month the balances by issue for unamortized discount, premium, and issuance expense for all of the Parent's, Multi-State Utility's, or Affiliated Utility Service Company's long- and medium-term debt and preferred stock, if any.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC. As such, the entire capital of B&W Pipeline is funded from the equity of its owner without any debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

74. In a computer file, provide for each month of the latest fiscal year the balances of capital surplus. Separate the surplus between common and preferred stock. For purposes of this request, "capital surplus" means amounts paid in that are less than or are in excess of par value of the respective stock issues.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC. As such, the entire capital of B&W Pipeline is funded from the equity of its owner without any debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

75. In a computer file, provide unamortized balances, if any, on the gain or loss on reacquired preferred or preference stock for each month in the latest fiscal year. Clearly identify the issue for each unamortized balance.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has had no gain or loss on any reacquired preferred or preference stock.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

76. In a computer file, provide the monthly amortization of any gain or loss on reacquired preferred or preference stock, if any, for each month of the latest fiscal year.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has had no gain or loss on any reacquired preferred or preference stock.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

77. In a computer file, provide the unamortized balances, if any, of gain or loss in reacquired long-term debt for each month in the latest fiscal year. Be sure to clearly identify the issue for each unamortized balance.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has had no gain or loss on any reacquired long-term debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

78. In a computer file, provide the monthly amortization, if any, of the gain or loss on reacquired long-term debt for each month of the latest fiscal year.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has had no gain or loss on any reacquired long term debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

79. If applicable, provide the amount of return on investment billed to the LDC by any affiliate of the LDC for the latest fiscal year and for the attrition period. Include in your response a calculation of the return on equity percent and the account charged for the return amount. As used in this Item 79, "affiliate" means any entity that controls, is controlled by, or is under common control with the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline has not been billed by any affiliate for a return on investment.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

80. For the latest two (2) fiscal years and for each month to the present for which data is available, provide a monthly listing of the shares of common stock sold by the LDC directly to investors and shareholders. Separate the monthly listing between stock sold through the Stock Purchase Plan of the LDC and stock sold through the Dividend Reinvestment Plan of the LDC.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline does not have any stock that is sold to investors or shareholders.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

81. Provide copies of the LDC's projected annual equity ratio for the next five (5) fiscal years.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC. As such, the entire capital of B&W Pipeline is funded from the equity of its owner without any debt. Therefore, the projected annual equity ratio for the next five fiscal years would be 100%.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

82. Provide copies of the LDC's projected new stock and debt issues for the next five (5) fiscal years.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC, and has no projections to issue stock or debt.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

83. Provide copies of the LDC's projected annual dividends per share of common stock for the next five (5) fiscal years.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC, and has does not pay dividends.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

84. If material to the Tennessee Operations, provide copies of projected annual earnings per share of common stock for the next five (5) fiscal years.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC, and has no stockholders or common stock.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

85. If not provided in response to Item 17, provide the most recent 10K filed with the SEC.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is not an SEC regulated entity.

B&W Pipeline, LLC
Responses to TRA Minimum Filing Requirement

86. Provide the number of stockholders of record for the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company for the last ten (10) fiscal years.

RESPONSE:

Not applicable to B&W Pipeline. B&W Pipeline is a single member LLC, and has no stockholders or common stock.