**BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:	)	
PETITION OF B&W PIPELINE, LLC	)	**DOCKET NO. 15-00042**
FOR AN INCREASE IN RATES	)	

CONSUMER ADVOCATE AND PROTECTION DIVISION'S RESPONSES TO FIRST DATA REQUESTS OF TENNESSEE REGULATORY AUTHORITY

The Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate") hereby submits its responses to the Data Request of Tennessee Regulatory Authority to the Consumer Advocate filed on August 24, 2015.

1. On page 22 of Ralph C. Smith's Direct Testimony, an allocation percentage of 20% is recommended for the Operator Fee to B&W's pipeline operations. Please provide support for this allocation factor and a detailed calculation of how this allocation factor was derived.

RESPONSE: To be provided in supplemental response.

2. Could a rate base amount be computed beginning with the net book value of Gasco Distribution Systems, Inc., reported in its 2009 Annual Report filed with the Authority, and thereafter including any subsequent additions and retirements to plant made by B&W? If so, please provide such calculation. If not, please explain why such calculation cannot be determined.

RESPONSE: Potentially, yes, if an amount that is related to the transmission assets that were acquired by B&W can be sufficiently ascertained from examining the 2009 Annual Report filed by Gasco with the Authority. Gasco filed on March 7, 2010, its Annual Report for Reporting Year 2009 with the TRA. That report was presented in Attachment RCS Supplemental Direct-1 to CAPD witness Smith's Supplemental Direct Testimony, filed on August 24, 2015. That Annual Report is accompanied with a notarized affidavit from Gasco's Chief Officer and its Officer in charge of accounts dated April 30, 2010. Pages F-4 and F-6 of Gasco's 2009 Annual Report to the TRA show Total Utility Plant of $1,845,924, Accumulated Depreciation of $896,375 and Net Utility Plant of $949,549 as of December 31, 2009. It is unclear from reviewing the 2009 Annual Report how much of that Gasco plant was acquired by Navitas in Navitas' acquisition of Gasco's gas distribution operations, or how much was recorded on Gasco's books for the transmission pipeline and thus would represent the original cost of the transmission pipeline that was acquired by B&W.

Pages G-4 and G-5 of Gasco's Annual Report for Reporting Year 2009 contain a detailed listing of Utility Plant by FERC account. Gasco reported to the TRA only $273 of Transmission Plant, as shown on page G-5, which was for Measuring and Regulation Station Equipment in account 369. Gasco did not report any balances in account 367 for Transmission Mains.

Gasco's largest asset and the largest component of Utility Plant is the $1,236,621 in Distribution Mains, account 376. Gasco's distribution utility plant and operations were acquired by Navitas. It is unclear from Gasco's 2009 Annual Report how much of the plant represented by the $1,236,621 in Distribution Mains, account 376, was acquired by Navitas, or whether that account on Gasco's books included any cost for the transmission pipeline. If Gasco had been adhering to the Uniform System of Accounts, and if Gasco had recorded costs for the transmission pipeline, such cost should have been recorded in account 367, rather than in account 376. As noted above, the only Transmission Plant assets that Gasco reported in its 2009 Annual Report to the TRA were the $273 of Transmission Plant, as shown on page G-5, which was for Measuring and Regulation Station Equipment in account 369.

No Annual Reports from Titan Energy Group to the TRA could be located by CAPD in its investigation of issues in the current B&W rate case. The lack of Annual Reports to the TRA and the lack of accounting information from Titan Energy Group would support a finding in the current rate case that B&W has failed to meet its burden of proof for the depreciated original cost to the previous owner. Thus, the acquisition price paid by B&W represents an acquisition premium, and should not be included in rate base.

Moreover, none of the information in the Gasco 2009 Annual Report to the TRA would support assigning an original cost to the pipeline that Gasco was using at the time for the provision of gas utility service of any amount even close to the approximately $2.6 million that is being sought by B&W in the current case. As noted above, the only Transmission Plant assets that Gasco reported in its 2009 Annual Report to the TRA were the $273 of Transmission Plant, as shown on page G-5, which was for Measuring and Regulation Station Equipment in account 369. It is further unclear if those Gasco transmission assets for Measuring and Regulation Station Equipment for which Gasco had recorded cost in account 369 were transferred to B&W as part of the transmission pipeline, were transferred to Navitas as part of the Navitas acquisition of Gasco's distribution utility operations, or were transferred to neither.

If the Gasco 2009 Annual Report to the TRA is to be used as the starting point for determining a value of the transmission pipeline that was acquired by B&W, it should be recognized that Gasco's 2009 Annual Report shows a zero amount for Transmission Mains in account 367 and zero amounts for all Transmission Plant with the sole exception of the $273 of Transmission Plant in account 369 for Measuring and Regulation Station Equipment. Thus, the starting point is either zero or $273. The starting point is not the $2.6 million amount that B&W is proposing.

3. Please fully describe all benefits to ratepayers that would result from including an acquisition premium in rates.

RESPONSE: We do not see any benefits from including an acquisition premium in B&W's rates for gas pipeline transportation service at this time. Indeed, B&W has failed to meet its burden of proof for the depreciated original cost to the previous owner, thus, the acquisition price paid by B&W represents an acquisition premium, and should not be included in rate base. B&W's attempted inclusion of such amounts in its proposed rate base is significantly contributing to the shockingly large revenue requirement and rate increases that are being requested by B&W in the current rate case. We believe that ratepayers would benefit by excluding the acquisition premium, and would be harmed by its inclusion.

4. Please quantify any tangible, measureable benefits to ratepayers (e.g., cost savings, efficiencies, etc.) that would result from including an acquisition premium in rates.

RESPONSE: As explained in the response to TRA-CAPD-1-3, we do not see any benefits from including an acquisition premium in B&W's rates for gas pipeline transportation service at this time. Indeed, B&W has failed to meet its burden of proof for the depreciated original cost to the previous owner, thus, the acquisition price paid by B&W represents an acquisition premium, and should not be included in rate base. B&W's attempted inclusion of such amounts in its proposed rate base is significantly contributing to the shockingly large revenue requirement and rate increases that are being requested by B&W in the current rate case. We believe that ratepayers would benefit by excluding the acquisition premium, and would be harmed by its inclusion.

Respectfully submitted,

Rachel A. Newton (#022960)
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
(615) 741-8727

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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

Klint Alexander
Baker, Donelson, Bearman
Caldwell & Berkowitz, P.C.
211 Commerce Street, Suite 800
Nashville, Tennessee 37201
(615) 726-5600

This the 3 day of Sept., 2015

Rachel A. Newton