

BEFORE THE TENNESSEE REGULATORY AUTHORITY

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

CONSUMER ADVOCATE'S RESPONSE TO PETITION FOR CLARIFICATION

Comes the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate"), and respectfully responds to the Petition for Clarification filed with the Tennessee Regulatory Authority ("TRA" or "Authority") February 24, 2016. For the following reasons the Consumer Advocate is opposed to the Petition for Clarification.

Based on a review of the December 14, 2015, transcript of the TRA's decision on the B&W rate design it is clear that the TRA approved a rate design with 75% of the revenue requirement being recovered as fixed charges and 25% as volumetric. There is no approval of an annual adjustment mechanism.

The TRA minimized the volatility in collection of revenue by having 75% of the revenue requirement be collected in the designated fixed charges – not by having an annual adjustment mechanism to lock in the total revenue requirement collection:

... it is preferable to design rates where revenues remain relatively constant and shortfalls of revenues due to the volatility of gas usage are minimized.

Designing rates whereby the majority of revenues are generated from a fixed charge would best accomplish these two goals. For these reasons, I move to adopt a rate design comprised of recovering 75 percent of the necessary revenue requirement through a fixed monthly charge of \$13,897 to Navistar and \$3,655 to B&W Intercompany Transportation, resulting in \$210,624 in annual revenues from the fixed charge.

TRA Conference Agenda Transcript (December 14, 2015) at p. 27, attached as Exhibit A.

The TRA described the rate design objective to be “relatively constant” not absolutely guaranteed, and accomplished the “relatively constant” objective by putting 75% of the annual revenue requirement into fixed charges.

Thus, the recent request by B&W for a “new annual adjustment ... effective January 1st of each year” seems to be something that was requested by B&W during the hearing and in its recent “clarification” filing, but was not authorized by the TRA in its December 14, 2015 oral Order.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, reading "Vance L. Broemel". The signature is written in a cursive style with a large initial "V".

VANCE L. BROEMEL (BPR #011421)
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate and Protection Division
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CERTIFICATE OF SERVICE

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

Henry Walker, Esq.
Bradley Arant Boult
Cummings, LLP
1600 Division St., Suite 700
Nashville, TN 37203

This the 2nd day of March 2016.

Vance L. Broemel
VANCE L. BROEMEL

1 Company's revenues at current rates and revenue
2 deficiency, I find a total revenue requirement of
3 \$280,835 for the attrition period.

4 I so move.

5 VICE CHAIRMAN JONES: Second and vote
6 yes.

7 DIRECTOR MORRISON: Vote aye.

8 CHAIRMAN HILLIARD: With regard to rate
9 design, since B&W supplies a small amount of gas, it is
10 preferable to design rates where revenues remain
11 relatively constant and shortfalls of revenues due to
12 the volatility of gas usage are minimized.

13 Designing rates whereby the majority of
14 revenues are generated from a fixed charge would best
15 accomplish these two goals. For these reasons, I move
16 to adopt a rate design comprised of recovering
17 75 percent of the necessary revenue requirement through
18 a fixed monthly charge of \$13,897 to Navistar and
19 \$3,655 to B&W Intercompany Transportation, resulting in
20 \$210,624 in annual revenues from the fixed charge.

21 These charges are based upon the
22 percentage of Mcfs used by each customer relative to
23 the total amount of Mcfs transported. The total
24 throughput of 227,861 Mcfs is comprised of Navistar's
25 Mcfs of 180,411 and B&W Intercompany Mcfs of 47,450.