



Archie R. Hickerson

Director-Rates and Tariff
Administration

10 Peachtree Place
Atlanta, GA, 30309
404 584 4570 tel
404 416 9975 cell
ahickers@southernco.com

August 30, 2017

Chairman David Jones
Tennessee Regulatory Authority
C/o Sharla Dillon, Docket Room
460 James Robertson Parkway
Nashville, TN 37243-0505

17-00089

Re: Chattanooga Gas Company Annual Report of Actual Cost of Gas Purchased and
Applicable Indices for the twelve months ended June 30, 2017

Dear Chairman Jones,

Pursuant to the provisions of the Performance Based Ratemaking Mechanism approved by the Tennessee Public Utility Commission's January 8, 2002 Order in Docket 01-00619, Chattanooga Gas Company (CGC) is filing an original and three copies of the report of actual gas cost and the applicable index cost for each month of the plan year ended June 30, 2017 (Attachment A). As shown on Attachment A, the commodity cost of gas purchased by CGC during the plan year was approximately 0.28% above the index cost and therefore was within the 1% range as provide in the CGC's tariff. As a result of purchase at Nora Virginia the actual cost exceeded the index price during the months of July-November 2016 by more than 2%.

In its June 2017 report on the Review of Chattanooga Gas Company Performance Based Ratemaking Mechanism Transactions and Activities prepared in compliance with the Commission's Orders dated October 13, 2009 in Docket 07-00224 and dated May 25, 2017 in Docket 16-00098, Exeter Associates recommended that the Nora Lateral purchases be excluded from the PBRM, and that CGC be required to report to the Commission its efforts to reduce the costs associated with the Nora Lateral monthly baseload purchases. Consistent with the recommendation, CGC compared the actual cost excluding the Nora purchases with the applicable index cost for each month. The commodity cost excluding the Nora purchases was 0.06% below the index cost as also shown on Attachment A. Since the cost was below the index, it was within the range provided in CGC's tariff. During the next reporting period ending June 30, 2018, CGC will not depend on monthly base load purchased at Nora, and will source gas from locations other than Nora when practical.

For the Authority's convenience, spreadsheets showing the volumes of gas, the indices, and the purchase prices for each month and each day are provided as Attachments B & C respectively. Chattanooga Gas Company considers the detailed information on Attachments B & C to be confidential and proprietary. As a result these Attachments are being filed under seal.

Copies of this filing and the underlying accounting documents needed for audit are being provided to the Staff in both hard copy and electronic format.

Should there be any questions, I will be pleased to discuss this filing in further detail. I can be reached at 404 584 4570.

Sincerely,

A handwritten signature in black ink, appearing to read "Archie R. Hickerson". The signature is fluid and cursive, with the first name "Archie" being more prominent.

Archie R. Hickerson, CPA, CGMA
Director-Rates and Tariff Administration



Chattanooga Gas Company
PBR Filing For ACA Year Ended June 30, 2017

Summary Sheet
Gas Cost Over (Under) Benchmark

	SONAT	Tenn/Z0	Tenn/500leg	Tenn/800leg	Tran Z5 South Del.	SONAT	Tenn/Z1 & Z0	Tenn/Z1	SONAT	Tenn/Zone 0
	(FOM)	(FOM)	(FOM)	(FOM)	(FOM-Nora)	(FOM-Storage)	(FOM-Storage)	(FOM-City Gate)	(Gas Daily)	(Gas Daily)
Jul-16	\$0.00	\$0.00	\$0.00	\$0.00	\$63,183.32	\$0.00	(\$976.91)	\$0.00	\$5.50	(\$3.62)
Aug-16	\$0.00	\$0.00	\$0.00	\$0.00	\$63,005.16	\$0.00	(\$782.78)	\$0.00	(\$8.35)	\$25.67
Sep-16	\$0.00	\$0.00	\$0.00	\$0.00	\$62,054.00	\$0.00	(\$833.46)	\$0.00	\$0.00	\$6.50
Oct-16	\$0.00	\$0.00	\$0.00	\$0.00	\$63,900.60	\$0.00	(\$820.95)	\$0.00	\$0.00	\$16.12
Nov-16	\$0.00	\$0.00	\$0.00	\$0.00	\$52,103.97	\$0.00	\$0.00	\$0.00	\$7.61	\$0.30
Dec-16	\$0.00	\$0.00	\$0.00	\$0.00	(\$13,249.97)	\$0.00	\$0.00	\$0.00	(\$20.79)	(\$31.40)
Jan-17	\$0.00	\$0.00	\$0.00	\$0.00	(\$235,222.81)	\$0.00	\$0.00	\$0.00	(\$29.12)	(\$0.86)
Feb-17	\$0.00	\$0.00	\$0.00	\$0.00	(\$42,745.22)	\$0.00	\$0.00	\$0.00	\$14.52	(\$13.56)
Mar-17	\$0.00	\$0.00	\$0.00	\$0.00	\$65,918.89	\$0.00	\$0.00	\$0.00	\$2.95	(\$8.14)
Apr-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$6,912.88)	\$0.00	\$0.00	\$22.89
May-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
Jun-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,048.43)	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$78,947.94	\$0.00	(\$11,376.41)	\$0.00	(\$27.69)	\$13.91
% Bench	0.0000%	0.0000%	0.0000%	0.000%	1.6494%	0.0000%	-0.3046%	0.0000%	-0.0011%	0.0006%

Including NORA Purchases

Total CGC Purchase Gas Cost	\$1,079,752.96	\$1,628,163.21	\$0.00	\$505,973.82	\$4,865,539.35	\$0.00	\$5,395,803.43	\$0.00	\$2,420,309.79	\$2,164,403.02
Total Benchmark Purchase Gas Cost	\$1,079,752.96	\$1,628,163.21	\$0.00	\$505,973.82	\$4,786,591.41	\$0.00	\$5,407,178.84	\$0.00	\$2,420,337.48	\$2,164,389.11
Purchase Exceed Benchmark by	\$0.00	\$0.00	\$0.00	\$0.00	\$78,947.94	\$0.00	(\$11,375.41)	\$0.00	(\$27.69)	\$13.91
% of Benchmark	0.00%	0.00%	0.00%	0.00%	1.65%	0.00%	-0.21038%	0.00%	0.00%	0.00%

Exclude NORA Purchases

					NORA					
Total CGC Purchase Gas Cost	\$1,079,752.96	\$1,628,163.21	\$0.00	\$505,973.82		\$0.00	\$5,395,803.43	\$0.00	\$2,420,309.79	\$2,164,403.02
Total Benchmark Purchase Gas Cost	\$1,079,752.96	\$1,628,163.21	\$0.00	\$505,973.82		\$0.00	\$5,407,178.84	\$0.00	\$2,420,337.48	\$2,164,389.11
Purchase Exceed Benchmark by	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	(\$11,375.41)	\$0.00	(\$27.69)	\$13.91
% of Benchmark	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.21038%	0.00%	0.00%	0.00%

Chattanooga Gas Company
PBR Filing For ACA Year Ended J

Summary Sheet
Gas Cost Over (Under) Benchmark

											Excluding Nora Purchases		
	Tenn/Zone 0	Tenn500L	Tenn800L	Tran Z5 South	SONAT	SONAT	Tenn500L	Cost Over (Under)	Benchmark		Cost Excluding	Benchmark	%%
	(Gas Daily - Storage)	(Gas Daily - Storage)	(Gas Daily - Storage & City Gate)	Del. (GDD-Nora)	(Gas Daily - City Gate)	(Gas Daily - CSS Storage)	(Gas Daily - City Gate)	Benchmark		%%	Nora (Under)		
								\$					
Jul-16	\$0.00	\$0.00	\$1.13	\$0.00	\$ -	\$0.00	\$0.00	\$62,209	\$1,712,605	3.63%	(\$973.90)	\$1,243,541.36	-0.06%
Aug-16	\$0.00	\$0.94	(\$2.37)	\$0.00	\$ -	\$0.00	\$0.00	\$62,238	\$2,170,057	2.87%	(\$766.89)	\$1,791,197.17	-0.04%
Sep-16	\$0.00	\$0.00	\$2.39	\$0.00	\$ -	\$0.00	\$0.00	\$81,229	\$1,640,595	3.73%	(\$824.57)	\$1,198,505.45	-0.07%
Oct-16	\$0.00	\$0.00	(\$1.81)	\$0.00	\$ -	(\$0.00)	\$0.00	\$63,094	\$1,678,993	3.76%	(\$806.64)	\$1,205,210.62	-0.07%
Nov-16	\$0.00	\$2.55	(\$0.59)	\$0.00	\$ -	\$0.00	\$0.00	\$52,114	\$1,319,875	3.95%	\$9.87	\$879,896.74	0.00%
Dec-16	\$0.00	\$0.29	\$23.08	\$0.00	\$ -	\$0.00	\$0.00	(\$13,279)	\$2,992,073	-0.44%	(\$26.83)	\$2,397,653.15	0.00%
Jan-17	\$0.00	\$0.00	\$7.40	\$0.00	\$ -	\$0.00	\$0.00	(\$235,245)	\$3,117,374	-7.55%	(\$22.58)	\$2,192,574.91	0.00%
Feb-17	\$0.00	\$0.00	\$6.17	\$0.00	\$ -	\$0.00	\$0.00	(\$42,738)	\$1,672,559	-2.56%	\$7.13	\$1,107,137.20	0.00%
Mar-17	\$0.00	\$0.00	\$3.61	\$0.00	\$ -	\$0.00	\$0.00	\$85,917	\$1,107,345	5.95%	(\$1.58)	\$686,056.21	0.00%
Apr-17	\$0.00	\$2.47	(\$3.63)	\$0.00	\$ -	\$0.00	\$0.00	(\$6,891)	\$2,144,503	-0.32%	(\$6,891.15)	\$2,144,503.13	-0.32%
May-17	\$0.00	\$2.73	(\$0.55)	(\$1,197.36)	\$ -	\$0.00	\$0.00	(\$1,195)	\$2,435,108	-0.05%	\$2.19	\$2,915,545.40	0.00%
Jun-17	\$0.00	(\$1.27)	(\$1.52)	\$0.00	\$ -	\$0.00	\$0.00	(\$1,051)	\$1,531,380	-0.07%	(\$1,051.22)	\$1,961,719.68	-0.05%
	\$0.00	\$7.72	\$33.32	(\$1,197.36)	\$0.00	\$0.01	\$0.00	\$66,402	\$23,522,468	0.28%	(\$11,348)	\$19,723,641	-0.06%
% Bench	0.0000%	0.0009%	0.0010%	0.0000%	0.0000%	0.0000%	0.0000%						

Including NORA Purchases

Total CGC Purchase Gas Cost	\$0.00	\$829,068.78	\$3,248,629.09	\$65,283.41	\$ -	\$1,385,943.89	\$0.00	\$23,588,870.75		
Total Benchmark Purchase Gas Cost	\$0.00	\$829,061.06	\$3,248,595.77	\$66,480.77	\$ -	\$1,385,943.88	\$0.00	\$23,522,468.32		
Purchase Exceed Benchmark by	\$0.00	\$7.72	\$33.32	(\$1,197.36)		\$0.01	\$0.00	\$66,402.43		
% of Benchmark	0.00%	0.00%	0.00%	-1.80%		0.00%	0.00%	0.28%		

Exclude NORA Purchases

										NORA
Total CGC Purchase Gas Cost	\$0.00	\$829,068.78	\$3,248,629.09	\$0.00	\$ -	\$1,385,943.89	\$0.00	\$18,658,047.99		
Total Benchmark Purchase Gas Cost	\$0.00	\$829,061.06	\$3,248,595.77	\$0.00	\$ -	\$1,385,943.88	\$0.00	\$18,669,396.14		
Purchase Exceed Benchmark by	\$0.00	\$7.72	\$33.32	\$0.00		\$0.01	\$0.00	(\$11,348.15)		
% of Benchmark	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	-0.06%		