

LUNA LAW GROUP

A PROFESSIONAL LIMITED LIABILITY COMPANY

ATTORNEYS AT LAW

333 UNION STREET
SUITE 300
NASHVILLE, TENNESSEE 37201

TELEPHONE (615) 254-9146
TELECOPIER (615) 254-7123
WWW.LUNALAWNASHVILLE.COM

J.W. Luna
jwluna@LunaLawNashville.com

May 1, 2018

Chairman David Jones
c/o Sharla Dillon
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Chattanooga Gas Company; TPUC Docket No. 18-00017

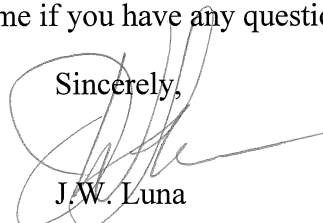
Dear Chairman Jones:

Chattanooga Gas Company's ("CGC") is hereby filing revised testimony for John Cogburn and Archie Hickerson, along with two revised exhibits for Mr. Hickerson, ARH-1 and ARH-2. Also being included with this filing for the convenience of the Commission and parties are track changes copies of both Mr. Cogburn's revised testimony and Mr. Hickerson's revised testimony that compares the version being filed today to the original testimony filed in February. Attached hereto are electronic versions of each document. We will be hand delivering an original and four copies of each document along with a CD.

On April 10, 2018, CGC filed its Notice of Withdrawal ("Notice") to permanently withdraw from any further consideration in this docket CGC's requests for adoption of certain alternative regulatory methods ("ARM"), including its annual rate review request and proposed ARM Tariff as well as its proposed infrastructure economic development proposal and SEED Tariff (collectively, the "ARM Requests"). In that filing, CGC indicated that it would separately submit the appropriate revised testimony for Mr. Cogburn and Mr. Hickerson reflecting the withdrawal of its ARM Requests. The attached testimony accomplishes this change. Mr. Hickerson's two exhibits also reflect the elimination of the SEED Tariff provisions from CGC's rate case tariff. In the Notice, CGC also advised that in withdrawing its ARM Requests it was also withdrawing Mr. Cogburn's Exhibit JCM-1, so this exhibit is no longer a part of CGC's case in this matter.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,



J.W. Luna

Enclosures

cc: Monica Smith-Ashford, Esq.
Vance Broemel, Esq.
Wayne Irvin, Esq.
Henry Walker, Esq.
Floyd Self, Esq.

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

May 1, 2018

**IN RE:)
)
CHATTANOOGA GAS COMPANY)
PETITION FOR APPROVAL OF AN)
ADJUSTMENT IN RATES AND)
TARIFF; THE TERMINATION OF)
THE AUA MECHANISM AND THE)
RELATED TARIFF CHANGES AND)
REVENUE DEFICIENCY)
RECOVERY; AND AN ANNUAL)
RATE REVIEW MECHANISM)**

**Docket No.
18-00017**

**REVISED DIRECT TESTIMONY OF

JOHN M. COGBURN

ON BEHALF OF

CHATTANOOGA GAS COMPANY**

1 **I. WITNESS INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. I am John Cogburn, Director of Regulatory Reporting and Strategic Planning for
4 Southern Company Gas. My business address is Ten Peachtree Place NE,
5 Atlanta, GA 30309.

6 **Q. On whose behalf are you testifying in this case?**

7 A. I am testifying on behalf of Chattanooga Gas Company (“Company” or “CGC”).

8 **Q. Please describe your duties as they relate to CGC.**

9 A. I am responsible for management and regulatory planning and internal
10 management and regulatory reporting for all of the Southern Company Gas
11 distribution utilities, including CGC.

12 **Q. What is the purpose of your testimony?**

13 A. My testimony supports the identification of the methodology adopted in this case
14 that will form the basis for the annual rate review tariff under the alternative
15 regulatory methods (“ARM”) statute that the Company will be filing with the
16 Commission after the conclusion of this rate case. While the Company originally
17 intended to have its annual rate review tariff approved as a part of this rate case,
18 the Company has formally withdrawn that request so that a new annual rate
19 review tariff can be addressed after the conclusion of this docket.

20 **Q. Please describe your duties that are relevant to the Company’s proposed**
21 **ARM Tariff.**

22 A. I am responsible for the regulatory filings and business planning associated with
23 the Atlanta Gas Light Company annual rate review tariff, known as the Georgia

1 Rate Adjustment Mechanism (“GRAM”). Atlanta Gas Light is another natural
2 gas distribution utility of Southern Company Gas. The GRAM annual review
3 tariff shares certain similarities with the annual rate review process we anticipate
4 using for Tennessee.

5 **Q. Section 65-5-103(6)(A) states, “A public utility may opt to file for an annual**
6 **review of its rates based upon the methodology adopted in its most recent**
7 **rate case pursuant to section 65-5-101 and subsection (a), if applicable.”**

8 **What is the methodology CGC is seeking to be adopted in this case?**

9 A. In simple terms, the methodology CGC has relied upon in setting new rates in this
10 case is based upon the fundamental rate making components identified below that
11 are generally utilized throughout the industry by rate base, rate of return utilities.
12 To that end, in this proceeding the Company specifically requests that the
13 Commission approve the Company’s methodology and confirm that its revenue
14 requirement and rates are based upon the ratemaking elements enumerated below.
15 To the extent that the Commission applies a methodology or ratemaking elements
16 other than those identified below, the Company requests that the Commission
17 describe its methodology/elements in its Final Order in a manner sufficient for the
18 Company to apply the same methodology/elements in future ARM filings.

- 19 a. Rate of Return calculation, including the allowed return on equity, equity
20 to debt capitalization ratios, and cost of debt.
- 21 b. Determination of normalized billing units and revenues to be used in the
22 proof of revenue for the Historic Base Period.
- 23 c. Billing unit and revenue forecast for the Forward Looking Rate Year.
- 24 d. Weather normalization factors.
- 25 e. Forecast other revenues.
- 26 f. Forecast for O&M expenses including labor and non-labor expense,
27 including pension and other benefit related expenses.

- 1 g. Identification and calculation of any disallowed expenses and other
2 regulatory adjustments.
3 h. Identification of debt expense.
4 i. Amortization schedule for rate case expenses.
5 j. Determination and calculation for taxes including taxes other than income
6 taxes and income taxes.
7 k. Identification and calculation of depreciation and amortization expenses.
8 l. Determination and calculations for rate base and the components of rate
9 base including: gross plant in service, accumulated depreciation and
10 amortization, construction work in progress, stored gas inventory, cash
11 working capital, materials and supplies, regulatory assets, deferred
12 pension regulatory asset balance, accumulated deferred income tax,
13 customer contributions in aid of construction, customer deposits,
14 accumulated interest on customer deposits, operating reserves, and any
15 other components included by the Commission in the calculation of rate
16 base applicable to the Commission Final Order.
17 m. Any other requirements related to establishing the revenue requirement or
18 rates of the Company in this proceeding.

19 **Q. How soon do you anticipate CGC filing its annual rate review request**
20 **following the conclusion of this case?**

21 A. The actual timing is a function of several things. Hopefully, while this rate case is
22 progressing, we can work with the Commission and Consumer Advocate to
23 develop an annual rate review mechanism that fulfills the statutory intent and
24 provides a streamlined and efficient process for the filing, review, and approval of
25 the annual rate adjustments, up or down as circumstances require. Based upon the
26 Company's decision to completely withdraw the annual rate review from this case
27 and resubmit it after the conclusion of the rate case, we hope for a collaborative
28 process with the Commission and Consumer Advocate and a timely filing
29 sometime in the fall of 2018.

30 **Q. Does this conclude your direct testimony?**

31 A. Yes.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

May 1, 2018

IN RE:)
)
CHATTANOOGA GAS COMPANY)
PETITION FOR APPROVAL OF AN)
ADJUSTMENT IN RATES AND)
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RATE REVIEW MECHANISM)

Docket No.
18-00017

**REDLINE VERSION OF REVISED DIRECT
TESTIMONY OF JOHN M. COGBURN
COMPARED TO ORIGINAL VERSION OF
DIRECT TESTIMONY OF JOHN M.
COGBURN FILED ON BEHALF OF
CHATTANOOGA GAS COMPANY**

1 **I. WITNESS INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. I am John Cogburn, Director of Regulatory Reporting and Strategic Planning for
4 Southern Company Gas. My business address is Ten Peachtree Place NE,
5 Atlanta, GA 30309.

6 **Q. On whose behalf are you testifying in this case?**

7 A. I am testifying on behalf of Chattanooga Gas Company (“Company” or “CGC”).

8 **Q. Please describe your duties as they relate to CGC.**

9 A. I am responsible for management and regulatory planning and internal
10 management and regulatory reporting for all of the Southern Company Gas
11 distribution utilities, including CGC.

12 **Q. What is the purpose of your testimony?**

13 A. My testimony ~~provides support~~supports the identification of the methodology
14 adopted in this case that will form the basis for the annual rate review tariff ~~CGC~~
15 ~~is submitting pursuant to~~under the alternative regulatory methods (“ARM”)
16 statute. ~~I am also sponsoring the Company’s proposed ARM Tariff that will~~
17 ~~implement our~~ that the Company will be filing with the Commission after the
18 conclusion of this rate case. While the Company originally intended to have its
19 annual rate review ~~process, which is attached~~tariff approved as ~~Exhibit JMC-1a~~
20 part of this rate case, the Company has formally withdrawn that request so that a
21 new annual rate review tariff can be addressed after the conclusion of this docket.

22 **Q. Please describe your duties that are relevant to the Company’s proposed**
23 **ARM Tariff.**

1 A. I am responsible for the regulatory filings and business planning associated with
2 the Atlanta Gas Light Company annual rate review tariff, known as the Georgia
3 Rate Adjustment Mechanism (“GRAM”). Atlanta Gas Light is another natural
4 gas distribution utility of Southern Company Gas. The GRAM annual review
5 tariff shares certain similarities with the proposed CGC ARM Tariff annual rate
6 review process we anticipate using for Tennessee.

7 **H. PROPOSED ARM TARIFF**

8 **Q. Please describe the CGC ARM Tariff.**

9 Section 65-5-103(6)(A. The Company’s proposed ARM Tariff is) states, “A
10 public utility may opt to file for an annual review of its rates based upon the
11 annual rate review tariff methodology adopted by this Commission in Docket
12 No. 14-00146, Atmos Energy Corporation General Rate Case in its most recent
13 rate case pursuant to section 65-5-101 and Petition to Adopt Annual Review
14 Mechanism and ARM Tariff. Similar to the Atmos tariff, CGC’s ARM Tariff
15 will use the methodologies subsection (a), if applicable.” What is the
16 methodology CGC is seeking to be adopted in this proceeding for calculating
17 an annual case?

18 A. In simple terms, the methodology CGC has relied upon in setting new rates in this
19 case is based upon the fundamental rate making components identified below that
20 are generally utilized throughout the industry by rate base, rate of return utilities.
21 To that end, in this proceeding the Company specifically requests that the
22 Commission approve the Company’s methodology and confirm that its revenue

1 requirement and ~~new customer billing rates to be made effective pursuant to the~~
2 ~~tariff.~~

3 **~~Q. When does the Company propose to begin its ARM program?~~**

4 **~~A.~~** ~~The Company requests that the Commission adopt the ARM Tariff in the current~~
5 ~~proceeding. The first annual review and new rates under the ARM Tariff will~~
6 ~~become effective approximately one year after the rates established in this docket.~~
7 ~~The Company proposes the Commission set rates in accordance with a traditional~~
8 ~~revenue requirement approach in this proceeding in order to establish a clear~~
9 ~~record regarding the appropriate rate making methodologies to be used in future~~
10 ~~annual ARM filings. By setting rates pursuant to the ARM Tariff in the year~~
11 ~~following the conclusion of this rate case, we can ensure that we are compliant~~
12 ~~with the legislative direction for an annual review utilizing the rate making~~
13 ~~methodologies established within the last five years.~~

14 **~~Q. What will the Company file pursuant to the ARM Tariff?~~**

15 **~~A.~~** ~~On an annual basis, the Company will make an Annual Rate Filing (“ARF”)~~
16 ~~utilizing the following methodologies to be established in this docket:~~

17 **~~1. Historic Base Period.~~** ~~The Historic Base Year is the source of actual~~
18 ~~historic financial and rate making information. It shall consist of the~~
19 ~~depreciation, capital structure and cost of capital, rate of return, sales and~~
20 ~~transportation volumes, bills, and billing demand units.~~

21 **~~2. Forward Looking Test Period, Billing Determinants.~~** ~~Adjustments will~~
22 ~~be made to the Historic Base Year billing determinants for normal~~
23 ~~weather, annualized customer usage, and projected customer growth to~~

1 arrive at the Forward Looking Test Year Billing Determinants. For
2 industrial and transportation customers the Company shall analyze the
3 sales volumes and adjust volumes accordingly based on any known and
4 measurable changes expected for each Forward Looking Test Year. For
5 residential and commercial customers the Company shall use a two year
6 average, with the last year being the Historic Base Period, to calculate
7 customer growth adjustments. The customer change shall then be
8 multiplied by annualized normal usage per customer to arrive at the
9 adjustment to volumes consistent with the applicable tariffs, rules and
10 regulations.

11 3. ~~Forward Looking Test Year Revenues.~~ The Forward Looking Test
12 Year Revenues shall be calculated by multiplying the Forward Looking
13 Test Year Billing Determinants by the rates effective at the end of the
14 Historic Base Period that are set in this docket.

15 4. ~~Other Revenues.~~ The Company shall calculate Other Revenues,
16 consisting primarily of forfeited discounts and miscellaneous service
17 charges, by calculating a two year average of these amounts up to the end
18 of each Historic Base Period.

19 5. ~~Cost of Gas.~~ The Company shall calculate Cost of Gas by using the
20 Historic Base Period per books cost of gas to arrive at the Forward
21 Looking Test Year Cost of Gas.

22 6. ~~Rate Design and Rates.~~ Utilizing these factors, the Company shall
23 calculate new rates utilizing the Rate Design approved in this case. In

1 other words, the Forward Looking Test Year Revenues shall be allocated
2 to customer classes utilizing the same rate design and allocation
3 methodology used to establish rates in this case. Rates will become
4 effective on the first day of the Forward Looking Rate Year for a period of
5 twelve months.

6 **Q. — Since rates shall be set based upon Forward Looking Test Year Revenues, will**
7 **there be any reconciliation or true up?**

8 **A. —** Yes. In addition to the ARF filing, each year following the conclusion of the Rate
9 Effective Period, the Company will file the Annual Reconciliation Filing in which
10 the Company will demonstrate using the same rate setting methodologies
11 established in this case — whether or not the Company achieved its allowed rate of
12 return on equity during the Rate Effective Period. To the extent that the Company
13 achieved a return different than the allowed rate of return a Reconciliation Rate
14 will be proposed to collect or refund the difference in the allowed recoveries and
15 the actual recoveries.

1 **Q. — Please describe the filing schedule under the ARM Tariff.**

2 **A. —** As described above, the Company proposes to initiate the first ARF under the
3 ARM Tariff approximately one year after rates become effective in the current
4 rate case. Operating under the assumption that rates become effective September
5 1, 2018, the Company would adhere to the schedule set forth in Table 1 below:

TABLE 1	
Action	Date
1 st Annual ARF Filing	May 1, 2019
1 st Annual ARM Rate Effective Date	September 1, 2019
1 st Rate Effective Period	September 1, 2019 — August 31, 2020
1 st Annual Reconciliation Filing	December 1, 2020
1 st Annual Reconciliation Rate Effective	September 1, 2021

6 Subsequent years will follow the same pattern. Additionally, if the first
7 anniversary of the Rate Effective Date from the instant rate case is some date
8 other than September 1, the Company would propose to use the first day of the
9 anniversary month of the rate becoming effective as the ARM's first rate
10 implementation date. The ARF would be filed not less than 120 days prior to the
11 rate implementation date and the first Annual Reconciliation Filing would be filed
12 approximately 120 days following the conclusion of the Rate Effective Period
13 with the Reconciliation Rate itself being applied in the following annual rate
14 implementation.

15 **Q. — What Historic Base Period and Forward Looking Rate Year are proposed**
16 **for the ARM?**

17 **A. —** Based on a May 1, 2019, ARF filing, the Company proposes to use the twelve
18 months ending December 31, 2018, as its Historic Base Period and September 1,
19 2019, through August 31, 2020, as its Forward Looking Rate Year. As described

1 above, if the rate implementation date is changed, then the Forward Looking Rate
2 Year would be the twelve months following the rate implementation date. The
3 Historic Base Period would be set to the quarter ending at least 60 days prior to
4 the filing of the ARF.

5 **Q. — Please describe the specific schedules that will be filed with the ARF.**

6 **A. —** Pursuant to the ARM Tariff, the Company will file the following schedules with
7 each ARF filing:

8 Schedule 1: Cost of Service

9 Summarizes the the ratemaking elements of the cost of service, including
10 gas cost expense, operation and maintenance expense, depreciation
11 expense, tax other than income tax, return on rate base, income tax,
12 allowance for funds used during construction (“AFUDC”), and interest on
13 customer deposits. This compares the total cost of service to revenues at
14 present rates in order to calculate a net revenue deficiency or sufficiency.

15 Schedule 2: Summary of Revenue at Present Rates

16 Presents per book revenue for the Historic Base Period and projected
17 Forward Looking Test year Revenue.

18 Schedule 3: Cost of Gas

19 Presents Historic Base Period per books gas cost and the projected
20 Forward Looking Test Year cost of gas. This includes rate making
21 adjustments consistent with the Approved Methodologies.
22

1 Schedule 4: Operation and Maintenance Expense

2 Presents Historic Base Period per books operation and maintenance
3 expenses, and the projected Forward Looking Test Year operations and
4 maintenance expense. This includes rate making adjustments consistent
5 with the Approved Methodologies.

6 Schedule 5: Taxes Other than Income

7 Presents Historic Base Period per books taxes other than income tax
8 expense, and the projected Forward Looking Test Year taxes other than
9 income tax expense. This includes the rate making adjustments consistent
10 with the Approved Methodologies.

11 Schedule 6: Depreciation Expense and Amortization Expense

12 Presents Historic Base Period per books depreciation and amortization
13 expense, and the projected Forward Looking Test Year depreciation and
14 amortization expense. This includes rate making adjustments consistent
15 with the Approved Methodologies and adjustments to reflect the impact of
16 proposed depreciation rates, if any.

17 Schedule 7: Rate Base and Return

18 Presents the calculation of the Historic Base Period rate base, and
19 projected Forward Looking Test Year rate base. The rate base includes
20 the projected thirteen month average of the original cost of plant,
21 accumulated depreciation, construction work in progress ("CWIP"), stored
22 gas investment, materials and supplies, cash working capital, accumulated
23 deferred income tax ("ADIT"), customer advances, customer deposits, and

1 accumulated interest on customer deposits. This includes rate-making
2 adjustments consistent with the Approved Methodologies.

3 Schedule 8: Computation of State Excise and Income Tax

4 Presents the calculation of state excise tax and Federal income taxes on the
5 required return on rate base for the Historic Base Period and Forward
6 Looking Test Year.

7 Schedule 9: Overall Cost of Capital

8 Presents the calculation of the overall cost of capital based on the capital
9 structure, debt cost rates, and the required rate of return on equity.

10 Schedule 10: Rate of Return

11 Presents the calculation of a rate of return on rate base and a return on the
12 equity financed portion of the rate base for the Base Period and the
13 Forward Looking Test Year, utilizing costs and revenues as presented in
14 Schedules 2 through 9.

15 Schedule 11: Proof of Revenues and Calculation of Rates

16 Presents the forecasted billing determinants and the calculation of new
17 tariff rates for customer class and schedules for the Forward Looking Test
18 Year consistent with the cost of service and net revenue deficiency or
19 sufficiency presented in Schedule 1.

- 20 1. Schedule 11-1: Proof of Revenues and Calculation of
21 Rates, Historic Period Margin at Present Rates.
22 2. Schedule 11-2: Proof of Revenues and Calculation of
23 Rates, Forward Looking Test Year Margin at Present Rates.
24 3. Schedule 11-3: Proof of Revenues and Calculation of
25 Rates, Rate Design.
26 4. Schedule 11-4: Proof of Revenues and Calculation of
27 Rates, Summary of Present and Proposed Rates.

~~Schedule 12: Calculation of Annual Reconciliation Revenue Requirement~~

~~Calculates the Annual Reconciliation Revenue Requirements.~~

~~Q. Will the Company provide additional information as needed by the Commission, its staff, or interveners?~~

~~A. Yes, the Company will provide the following additional documentation at the time of filing:~~

- ~~a. ADIT Projections work papers.~~
- ~~b. Cash Working Capital work papers.~~
- ~~c. Depreciation work papers.~~
- ~~d. Ad Valorem Budget work papers.~~
- ~~e. Gas Storage Forecast work papers.~~
- ~~f. Income Statement.~~
- ~~g. Inflation adjustment work papers.~~
- ~~h. Plant Balances.~~
- ~~i. Forward Looking Test Period Taxes Other than Income Forecast work papers.~~
- ~~j. Taxes Other than Income historical.~~
- ~~k. Depreciation rates.~~
- ~~l. Customer Deposit Rate.~~
- ~~m. Historic Base Period and Forward Looking Test Period Billing Determinants.~~
- ~~n. Weather Normalization, including 30 Year Smoothed Normal Chattanooga Weather.~~
- ~~o. Minimum Filing Guideline 38.~~
- ~~p. Trial Balance.~~
- ~~q. General Ledger.~~

~~In addition to the items listed above, nothing with respect to the Company's request alters the rights of participants for discovery and access to the books and records of the Company as provided for under existing Tennessee law.~~

~~Q. As a part of each annual filing will the Company also file a Variance Report?~~

~~A. Yes. The Variance Report will identify and explain each and every CGC revenue and operating expense account and/or subaccount for which the amount either exceeded the prior year's amounts (based on amounts either as filed by the~~

1 Company in the Annual ARM Filing or as adjusted by the Commission under
2 Tenn. Code Ann. § 65-5-103(d)(6)(C)) by 5% and \$30,000; or exceeds the
3 amount (based on amounts either filed by the Company in the Annual ARM
4 Filing or as adjusted by the Commission under Tenn. Code Ann. § 65-5-
5 103(d)(6)(C)) in the third preceding year by 10% or \$60,000; or has been added
6 or deleted or modified in form or substance in any way.

7 Q. — You have mentioned several times that the Company will use the rate
8 calculation methodologies established by the Commission in this proceeding
9 in the calculation of the ARM rate. Will you please expand on that?

10 A. — Yes. The Company is obligated to use the methodologies established by the
11 Commission in its most recent rate proceeding in calculating its annual rate
12 adjustment. To that end, in the instant proceeding the Company requests that the
13 Commission confirm that it has applied the Company's described methodology as
14 it relates to rendering the approved revenue requirement and rates related to the
15 items enumerated below. To the extent that the Commission applies a
16 methodology or ratemaking elements other than that proposed by the
17 Company those identified below, the Company requests that the Commission
18 describe it's methodology/elements in its Final Order in a manner sufficient for
19 the Company to apply the same methodology/elements in future ARM filings.

- 20 a. Rate of Return calculation, including the allowed return on equity and
21 methodology for establishing equity to debt capitalization ratios, and cost
22 of debt.
- 23 b. Normalized Determination of normalized billing units and revenues to be
24 used in the proof of revenue for the Historic Base Period.
- 25 c. Billing unit and revenue forecast methodology for the Forward Looking
26 Rate Year.
- 27 d. Weather normalization methodology factors.

- 1 e. ~~Method for forecasting~~Forecast other revenues.
- 2 f. ~~Method~~Forecast for ~~forecasting~~ O&M expenses including labor and non-
- 3 labor expense, including pension and other benefit related expenses.
- 4 g. ~~Methodology for calculating~~Identification and calculation of any
- 5 disallowed expenses and other regulatory adjustments.
- 6 h. ~~Methodology for calculating bad~~Identification of debt expense.
- 7 i. ~~Methodology~~Amortization schedule for ~~amortizing~~ rate case expenses.
- 8 j. ~~Methodologies~~Determination and calculation for ~~calculating~~ taxes
- 9 including taxes other than income taxes and income taxes.
- 10 k. ~~Methodologies for calculating~~Identification and calculation of
- 11 depreciation and amortization expenses.
- 12 l. ~~Methodologies for calculating~~Determination and calculations for rate base
- 13 and the components of rate base including: gross plant in service,
- 14 accumulated depreciation and amortization, construction work in progress,
- 15 stored gas inventory, cash working capital, materials and supplies,
- 16 regulatory assets, deferred pension regulatory asset balance, accumulated
- 17 deferred income tax, customer contributions in aid of construction,
- 18 customer deposits, accumulated interest on customer deposits, operating
- 19 reserves, and any other components included by the Commission in the
- 20 calculation of rate base applicable to the Commission Final Order.
- 21 m. Any other ~~methodologies~~requirements related to establishing the revenue
- 22 requirement or rates of the Company in ~~the instant~~this proceeding.

23 ~~Q. Do the rate calculation methodologies used in the ARM filings apply to both~~

24 ~~the ARF and Annual Reconciliation Filing?~~

25 ~~A. Yes. Both filings will be completed using the approved methodologies.~~

26 Q. How soon do you anticipate CGC filing its annual rate review request

27 following the conclusion of this case?

28 A. The actual timing is a function of several things. Hopefully, while this rate case is

29 progressing, we can work with the Commission and Consumer Advocate to

30 develop an annual rate review mechanism that fulfills the statutory intent and

31 provides a streamlined and efficient process for the filing, review, and approval of

32 the annual rate adjustments, up or down as circumstances require. Based upon the

33 Company's decision to completely withdraw the annual rate review from this case

34 and resubmit it after the conclusion of the rate case, we hope for a collaborative

1 [process with the Commission and Consumer Advocate and a timely filing](#)
2 [sometime in the fall of 2018.](#)

3 **Q. Does this conclude your direct testimony?**

4 A. Yes.