

J.W. Luna
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June 15, 2018

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

REC-1
JUN 15 2018
TN PUBLIC UTILITY COMMISSION
DOCKET OFFICE

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

Dear Chairman Jones:

CGC is filing responses to CPAD Discovery Requests. First, CGC is providing the remainder of responses to what CPAD has entitled as their Third Supplement to First Discovery Request. These are responses to CPAD-1-396 and CPAD-1-397 and have already been provided by e-mail to the CPAD. Additionally, CGC is formally filing revisions to responses as set out below, and these revised responses have also already been provided by e-mail to CPAD.

Consistent with prior filings in this matter, CGC will be hand delivering 5 sets of CDs containing public information and 5 sets of confidential CDs being filed pursuant to the Protective Order in this matter.

Contained in the public CDs are the following documents:

CPAD-1-396
CPAD-1-397 (Public Version)

CPAD-1-040
CPAD-1-144
CPAD-1-175

Confidential CDs contain responses as follows:

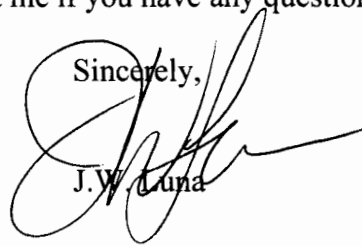
CPAD-1-397 (Confidential Version)
CPAD-1-144 (Confidential Attachments)
CPAD-1-175 (Confidential Attachment)

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

Sincerely,

A handwritten signature in black ink, appearing to read 'J.W. Luna', is written over the word 'Sincerely,'. The signature is fluid and cursive, with a large loop at the beginning and a long horizontal stroke extending to the right.

J.W. Luna

Enclosures

cc: Monica Smith-Ashford, Esq.
Vance Broemel, Esq. (via hand delivery)
Wayne Irvin, Esq. (via hand delivery)
Henry Walker, Esq. (via U.S. Mail)
Floyd Self, Esq.

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-40

Question:

Refer to the Company's response to MFG-71 regarding common plant that is allocated to Chattanooga. Provide the common plant and associated accumulated depreciation by account that is allocated to Tennessee by month from January 2010 through December 2017.

Response:

Refer to Attachment CPAD-1-40a-Asset and CPAD-1-40b-Depr for AGL Services Company details.

Further Response 6.12.2018:

Please see revised Attachment CPAD-1-40a (Rev. 6.12.2018). The attachment has been revised to include plant-in-service balances from January 2012 through December 2017 for the service company by FERC sub categories, the original filing included balances at the FERC level. Balances from January 2010 through December 2011 are provided at the FERC level, FERC sub detail for this period is not readily available and has not been provided.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
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CPAD-1-144

Question:

Provide a listing of all allocation methodologies which impact the revenue requirement components of the CGC request. Also provide the supporting workpapers for each allocation ratio utilized.

Response:

Five allocations methodologies are used for CGC. The methodology and the ratios utilized may be found on the following attachments:

Further Response 6.13.2018:

Please see revised Attachment CPAD-1-144a through Attachment CPAD-1-144e each showing as "Rev. 6-13-2018." The attachments have been revised to reflect the correct year, budget year 2018. The original filing was dated 2017, which was incorrect.

Additionally, the Attachment CPAD-1-144a reflected AGSC as an entity that received allocations. Please note that references for AGSC have been removed from the revised Attachment CPAD-1-144a.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
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Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-175

Question:

Provide a monthly update of rate case costs incurred to date.

Further Response 6.13.2018:

See Attachment CPAD-1-175 Confidential Rev. 6.13.2018 for an updated rate case costs incurred through May 2018.

Contact Person: Gary Tucker

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Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-396 SUPPLEMENTAL REQUEST

Question:

Refer to the spreadsheets included with MFG 64-2 and the Company's response to CPAD 1-38 regarding Special Projects for plant additions. It appears that many of the items included here as Special Projects would not typically meet these criteria because of materiality. For example, the total Special Projects for 2011 only amount to \$4,428. This contrasts with the Special Projects that the Company has included for the attrition year in MFG 65 that total over \$20 million. Confirm the specific criteria that the Company has used to classify projects as Normal or Special from 2010 through 2017.

Response:

The Company identified "special" projects using the criteria as set forth by the Tennessee Public Utility Commission in filing guideline 64 as provided below.

- 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.

For the 2010 through 2017 period, the Company identified the activity associated with all DOT projects, the Bill Reed project and Signal Mountain project as special.

The Company classified all DOT projects as special because they met the "changes required by government action such as street improvement and relocation" criteria.

The Company classified the Bill Reed and Signal Mountain projects as special because they met the "system improvements" criteria. The Bill Reed and Signal Mountain projects were needed due to the constrained pipeline capacity of East Tennessee, the system improvement projects allowed the Company to move LNG more effectively throughout the system.

Contact Person: Gary Tucker

PUBLIC DISCLOSURE

CHATTANOOGA GAS COMPANY

Docket No. 18-00017

Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)

Data Request Set: CPAD-1

CPAD-1-397

Question:

Refer to the spreadsheets included with MFG 65 regarding Special Projects for 2018 and 2019. Provide a narrative description for each of these Special Projects along with supporting information and justification for these anticipated expenditures.

Response:

Red Bank HP Feed - The Red Bank High Pressure (HP) Expansion project proposes to install approximately 11,000 Linear Foot (LF) of 12" HP steel distribution gas main and one regulator station. The pipeline will begin at the existing 12" HP steel main located REDACTED. This will be the general location for the installation of a regulator station and tie-in to the existing 8" Main High Pressure (MHP) plastic distribution system.

In witness Becker's testimony in Section V. Gas Supply Portfolio - the current gas supply capability of the Company is outlined; (see Page 7 line 15 – Page 9 Line 2). Figure 1 of witness Becker's testimony (page 10 lines 11-13) illustrates the Company's need for added gas supply capability by 2023 and beyond to meet its projected gas supply requirements.

The proposed build out of the liquified natural gas (LNG) redelivery project to send out a greater amount of natural gas vapor from the existing on-system LNG facility is the most cost-effective gas supply alternative available to the Company at this time. Exhibit GB-4, provided in Witness Becker's testimony, illustrates the annual cost comparison of the gas supply alternatives that the Company considered. This exhibit shows that the LNG redelivery project is the most cost effective near-term solution available. The costs for the project are based on estimates from the Company's engineering and system planning groups.

Lookout Mountain – The Lookout Mountain pressure improvements (PRIM) proposes to install approximately 13,500 LF of 8" MHP plastic distribution gas main from the existing 8" MHP steel main on REDACTED. The main will be installed in a combination of private easements and road rights-of-way. The project is needed to provide adequate gas capacity to maintain necessary system pressure on Lookout Mountain during cold weather.

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DOT – Various small projects starting and completing throughout the year to adjust Company facilities to accommodate City and County road improvement projects.

MAOP Validation – The MAOP Validation program's scope in Chattanooga is to validate the maximum allowable operating pressure (MAOP) of the transmission lines by reviewing all source documentation. The MAOP efforts, mainly comprising the 12" Chattanooga Line, include digs to validate pipeline features against source documentation.

ILI Retrofit – The purpose of this project is to make the 6.5 mile 12" Chattanooga line piggable so that an in-line inspection tool can be run through the line. Southern Company Gas (SCG) has chosen this method of assessment to meet Pipeline and Hazardous Materials Safety Administration (PHMSA) compliance requirements. The scope required to make this line piggable includes installing a launcher at the Chattanooga LNG plant, a receiver at the Bonny Oaks Station, cutting out unpiggable fittings and completing two hydrotests.

LNG Station – this is a "normal" project, it was incorrectly identified/labeled in MFG 65 as a "special" project.

East Gate Tap Station – The East Gate Tap Station project proposes to reconstruct the existing East Gate Tap station to allow inline inspection tools to travel past the station, install overpressure protection allowing for elevated operating pressures on the 12" Chattanooga Line, and allow the Company to perform regulation and overpressure protection to allow for greater operational flexibility. Line heater, filtration, and odorization equipment will also be installed at this site. The project is necessary as the existing station will not accommodate the passage of inline inspection tools; does not have adequate overpressure protection, thus requiring the 12" Chattanooga Line to operate at a reduced MAOP; and relies on the interstate supplier for regulation and overpressure protection limiting operational flexibility.

Bonny Oaks Station – The Bonny Oaks station project proposes to install a regulator station to separate the 420 pressure per square inch, gauge (psig) MAOP and 250 psig MAOP sections of the existing 12" Chattanooga Line transmission pipeline. The station site will also house pigging equipment necessary for running inline inspection tools. The project is needed to accommodate inline inspection of the 12" transmission pipeline.

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Charleston Gate Station – this is a “normal” project, it was incorrectly identified/labeled in MFG 65 as a “special” project.

E 38th at 17th – this is a “normal” project, it was incorrectly identified/labeled in MFG 65 as a “special” project.

Contact Person: Greg Becker