

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

June 4, 2020

IN RE:)	
)	Docket No.
CHATTANOOGA GAS COMPANY)	
COMPLIANCE FILING AND)	18-00035
REPORT)	
)	

**CHATTANOOGA GAS COMPANY'S
PETITION FOR RECONSIDERATION AND
REQUEST FOR ORAL ARGUMENT**

Chattanooga Gas Company ("CGC" or "Company"), pursuant to Rule 1220-1-2-.20, and in the alternative if necessary Rules 1220-1-1-.05 and 1220-1-1-.08, hereby submits this Petition for Reconsideration ("Petition") to the Tennessee Public Utility Commission ("Commission") of its May 20, 2020, Final Order in this docket ("Final Order") for the sole and limited purpose of taking new evidence in support of accelerating the amortization period for certain reserves associated with tax credits and benefits that are within the jurisdiction of this proceeding in order to be used to reduce the Company's rate request in Docket No. 20-00049, CGC's annual review mechanism ("ARM") docket ("ARM Docket"). In support of this Petition, the Company states as follows:

1. After opening a generic docket on February 6, 2018, to address the impacts of the then recently passed Tax Cuts and Jobs Act of 2017 ("TCJA"), the Commission subsequently opened this docket on March 29, 2018, to address the specific impacts of the TCJA on CGC. Because CGC's general rate case was pending in Docket No. 18-00017 ("Rate Case Docket"), the parties agreed to address the TCJA issues in that docket. At the conclusion of the Rate Case

Docket, the Commission issued its Amendatory Order on January 15, 2019 (“Rate Case Order”) resolving the issues in that case, including many of the TCJA impacts, especially the going forward impacts on CGC’s new rates. However, by the Hearing Officer’s order of June 27, 2019, the Commission subsequently set two specific issues for hearing in this docket. The Commission conducted an evidentiary hearing on February 18, 2020, on those two issues, and on March 9, 2020, the Commission approved a motion that was set forth in the May 20, 2020, Final Order. CGC now seeks a limited reconsideration of the Final Order for the sole purpose of taking new evidence in support of accelerating certain specific reserves that are associated with some of the tax credits and benefits decided by the Final Order in this docket or which are otherwise still within the jurisdiction of this docket. CGC is seeking to accelerate these credits and benefits reserves as a means of reducing the annual reconciliation balance deficiency and rate reset being considered in CGC’s ARM Docket.

2. The sole driver for this Petition is new evidence that was not available to the Commission at the time of the February 18th hearing or the March 9th Commission conference deciding this case, and which is not discussed in the Final Order. The new evidence is the COVID-19 novel coronavirus pandemic and its effects on CGC’s customers which compels CGC to take further action for the benefit of its customers. The extraordinary hardship caused by this global pandemic on CGC’s customers and the larger communities served by CGC is unprecedented. Governor Bill Lee first declared a State of Emergency for the entire State of Tennessee on March 12, 2020, which has been extended in subsequent Executive Orders at least now through June 30, 2020. *See, e.g.*, Executive Order No. 14 (March 12, 2020); Executive Order No. 30 (April 28, 2020); Executive Order No. 36 (May 12, 2020); and Executive Order No. 38 (May 22, 2020).

3. This Commission has taken significant steps to ensure that utilities under its

jurisdiction undertake various measures to mitigate the impacts of COVID-19, which are reported in Docket No. 20-00047 (“Emergency Petition Docket”). CGC welcomed this initiative of the Commission, and even before being mandated to impose certain measures, CGC voluntarily began certain policies and actions to help ensure safe and continued service to customers. These measures are documented in our previously filed weekly reports to the Commission in the Emergency Petition Docket, as well as a more detailed proposal filed on May 29, 2020, seeking to continue the no-disconnection policy and a plan for assisting customers in getting caught up with payments missed. Reconsideration of the Final Order as outlined herein is necessary in order to allow additional, financial mitigation efforts to occur for the benefit of all of CGC’s customers.

4. Pursuant to 1200-1-2.20(1), regarding submitting proof of the new evidence, CGC requests that the Commission take Administrative Notice of all matters in Docket No. 20-00047; Chairman Morrison’s March 19, 2020, “Ongoing Request For Information Related To Measures Taken During the Coronavirus COVID-19 Public Health Emergency” directive and the subsequent weekly filings of CGC pursuant to such Request; all of the Executive Orders of Governor Bill Lee relating to the COVID-19 pandemic beginning with Executive Order No. 14, issued on March 12, 2020, “An Order Suspending Provisions Of Certain Statutes and Rules In Order To Facilitate The Treatment and Containment Of Covid-19,” and all subsequent Executive Orders related thereto; and the documents filed in Docket No. 20-00049, CGC’s ARM Docket, including but not limited to the pre-filed direct testimony on behalf of CGC filed on May 29, 2020.

5. CGC seeks consideration of this new evidence in support of the Company’s request to accelerate certain tax credits and benefits that will then be used in CGC’s ARM case concurrently occurring in Docket No. 20-00049. As it stands now in the Final Order, CGC is required to return to its ratepayers the income tax-related revenues associated with CGC’s 2018

income tax expense savings that accrued before CGC's new rates took effect on October 1, 2018, along with CGC's amortization of excess deferred income taxes or EDIT. The Final Order also requires that CGC amortize this regulatory liability as a credit to customers over a three-year period through CGC's yearly ARM proceedings. The total value of this credit due to customers is approximately \$1.8 million.

6. In addition to these two credits and benefits, CGC also seeks the return of two other TCJA benefits. While not specifically addressed in the Final Order, these matters are encompassed within the scope of this docket since they are two other TCJA tax benefits that are to be returned to CGC's customers over time. The first of these tax benefits is the basis adjustment EDITs that are currently being amortized with the protected EDITs using the average rate assumption method ("ARAM"), which amortizes the balance over the life of the underlying assets. The second tax benefit is the remaining amortization of the existing unprotected EDIT reserve balance, for which the Commission approved a five-year amortization. While the amounts and amortizations of these TCJA benefits were addressed in the Rate Case Docket, the Final Order in this docket clearly provides that all tax related issues remain within this docket: "While the parties provided their respective positions in the rate case, there is no reasonable indication in the record that the Commission moved issues from this docket to the rate case for resolution." Final Order, at 17. As the Final Order goes on to note in connection with the 2018 tax savings remaining in this docket, while the Rate Case Docket did resolve certain federal tax rate issues going forward, jurisdiction of the TCJA tax impacts on CGC inherently lies in this docket. Moreover, as the only substantive order in this docket, the Final Order effectively finalizes all of the Commission's decisions with respect to the TCJA impacts on CGC.

7. On the basis that all of the TCJA tax issues jurisdictionally lie in this docket, and

that the Final Order seeks to conclude this proceeding, CGC is requesting that the Commission also accelerate the return of these other two tax benefits so that they may be used now in the ARM Docket to reduce the annual reconciliation balance deficiency presented in the case. For the basis adjustment EDITs that are currently being amortized with the protected EDITs, these basis adjustments are not considered protected under IRS tax guidelines and could be accelerated and returned to customers as determined by the Commission. The projected ending basis adjustment EDIT balance aligning with the commencement of new rates in October 2020 is \$707,000 or \$957,000 grossed-up. As for the second benefit, the unprotected EDIT balance being amortized over five-years, the remaining balance of the original \$2.5 million after actualization for the 2017 tax return and being amortized in 2018, 2019, and 2020 leaves a remaining amount of \$438,000 or \$592,000 grossed-up to be amortized in 2021.

8. CGC by this Petition is proposing that all four of these TCJA benefits be accelerated and recovered through CGC's ARM docket. As Mr. Gary Tucker, on behalf of CGC, states in his pre-filed direct testimony in the ARM Docket, together the tax credits and benefits that CGC is proposing to accelerate total \$3.394 million. As Mr. Paul Leath has noted in his pre-filed direct testimony in the ARM Docket, the Commission has already determined that these tax benefits should be returned to ratepayers. Given the Commission's plenary jurisdiction over the TCJA tax credits and benefits in this docket, in these unprecedented and difficult times, CGC believes that it is in the public's best interests to credit these funds to ratepayers as quickly as possible through the ARM Docket process.

9. Accordingly, CGC requests that the Final Order be reconsidered solely with respect to the amortization of TCJA tax credits and benefits outlined herein, and that these four credits and benefits totaling approximately \$3.394 million be accelerated and returned through the ARM

mechanism being addressed in Docket No. 20-00049. As necessary, this information should be considered new evidence under the reconsideration rule.

10. CGC appreciates the unique circumstances of seeking reconsideration of the basis adjustment EDITS that are currently being amortized with the protected EDITs over the life of the assets and the unprotected EDIT balance being amortized over five-years while not specifically stated in the Final Order but otherwise certainly within the scope of this docket. To the extent this Petition is not considered a well pled petition for reconsideration under Rule 1220-1-2.20, then CGC requests that to the extent necessary the Commission waive its rules pursuant to Rule 1220-1-1-.05 and/or consider this a Petition for Action Not Otherwise Covered pursuant to Rule 1220-1-1-.08. Only by acting now can these issues hopefully be resolved in a manner so that these tax credits and benefits can be timely returned through the ARM Docket. In seeking reconsideration of these TCJA benefits and accelerating their amortization to be returned through the ARM Docket, CGC recognizes that granting such an acceleration in this docket does not guarantee or predetermine any final outcome of CGC's ARM in the ARM Docket.

11. Given the extraordinary environment in which these events are occurring, CGC respectfully requests that oral argument on this Petition be allowed. CGC believes that oral argument will aid the Commission in understanding and evaluating the scope and effect of the accelerated TCJA credits and benefits and their impact on CGC's ARM Docket, and how all of this will materially benefit CGC's customers. CGC would propose that the Commission entertain oral argument on this Petition contemporaneously with the final hearing in the ARM Docket, Docket No. 20-00049, or at such other time as the Commission deems appropriate.

WHEREFORE, CGC respectfully requests that the Tennessee Public Utility Commission reconsider the Final Order issued on May 20, 2020, in this docket for the sole and limited purpose

of taking new evidence, and on the basis of such evidence order CGC to change the amortization periods identified herein for the four tax credits and benefits so that these credits and benefits totaling approximately \$3.394 million can be utilized in CGC's ARM mechanism now being considered in Docket No. 20-00049.

Respectfully submitted this 4th day of June, 2020.



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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Petition for Reconsideration and Request for Oral Argument has been forward via electronic mail on this the 4th day of June, 2020 to:

Office of the Tennessee Attorney General
Consumer Advocate Unit, Financial Division
c/o Daniel P. Whitaker III, Esq.
Karen Stachowski, Esq.
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A handwritten signature in blue ink, appearing to be "D. Whitaker III", is written above a horizontal line.

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