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September 25, 2018

Chairman Robin Morrison
Tennessee Public Utility Commission
C/o Sharla Dillon, Docket Room
460 James Robertson Parkway
Nashville, TN 37243-0505

Docket No. 18-00103

Re: Chattanooga Gas Company Annual Report of Actual Cost of Gas Purchased and
Applicable Indices for the twelve months ended June 30, 2018

Dear Chairman Morrison,

Pursuant to the provisions of the Performance Based Ratemaking Mechanism (PBRM) approved by the 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, 2018 (Attachment A). As shown on Attachment A, the commodity cost of gas purchased by CGC during the plan year was approximately 0.17% below the index cost and therefore was in compliance the CGC's tariff provision that provides that if the total commodity gas cost for the plan year does not exceed the total benchmark amount by one percentage point (1%), CGC's gas cost will be deemed prudent and the audit required by Tennessee Public Utility Commission Rule 1220-4-7-. 05 is waived.

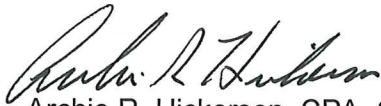
In its June 2017 report on the Review of Chattanooga Gas Company Performance Based Ratemaking Mechanism Transactions and Activities prepared in compliance with the Commission's Orders dated October 13, 2009 in Docket 07-00224 and dated May 25, 2017 in Docket 16-00098, Exeter Associates recommended that 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. During the plan year period ended June 30, 2018, CGC did not depend on monthly base load purchased at Nora but did purchase gas at Nora on two days during the reporting period. (December 27 & 28, 2017.) Those purchases exceeded the applicable benchmark by 1.83%. When these purchases were included with the other purchases for the reporting period, the cost of the total purchases remained 0.16% below the total benchmark and remained in compliance with the tariff provision.

For the Commission'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. CGC 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".

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



ATTACHMENT A
Chattanooga Gas Company
PBR Filing For ACA Year Ended June 30, 2018
Summary Sheet
Gas Cost Over (Under) Benchmark

Month	SONAT (FOM)	Tenn/20 (FOM)	Tenn/500leg (FOM)	Tenn/800leg (FOM)	Tran Z5 South Del. (FOM-Nora)	SONAT (FOM-Storage)	Tenn/Z1 & Z2 (FOM-Storage)	Tenn/Z1 (FOM-City Gate)	SONAT (Gas Daily)	Tenn/Zone 0 (Gas Daily)
Jul-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$6,973.39)	\$0.00	\$0.00	(\$0.11)
Aug-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$6,887.18)	\$0.00	\$0.00	\$0.00
Sep-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$6,645.66)	\$0.00	\$0.00	\$0.00
Oct-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,337.41)	\$0.00	\$0.00	\$0.00
Nov-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
Dec-17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$18.46)	\$0.00
Jan-18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$20.27)	\$0.00
Feb-18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mar-18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00
Apr-18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,602.91)	\$0.00	\$0.01	\$0.00
May-18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Jun-18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.17)
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$26,426.54)	\$0.00	(\$48.73)	(\$0.27)
% Bench	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	-0.8298%	0.0000%	-0.0019%	0.0000%

Excluding NORA Purchases

Total CGC Purchase Gas Cost	\$981,740.84	\$3,246,654.78	\$0.00	\$801,301.07	\$0.00	\$0.00	\$5,465,469.57	\$0.00	\$2,557,227.44	\$1,294,267.51
Total Benchmark Purchase Gas Cost	\$981,740.84	\$3,246,654.78	\$0.00	\$801,301.07	\$0.00	\$0.00	\$5,481,895.11	\$0.00	\$2,557,276.17	\$1,294,267.78
Purchase Exceed Benchmark by	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$26,426.54)	\$0.00	(\$48.73)	(\$0.27)
% of Benchmark	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	-0.4812%	0.0000%	-0.0019%	0.0000%

NORA Purchases					Total Excluding NORA		Total with NORA	
Purchases	12/27/17	12/28/17	Volume Dth	Price	Total			
			5,010	\$12.94	\$64,829.40			
			5,010	\$12.94	\$64,829.40			
			10,020	\$12.94	\$129,658.80	\$26,194,025.53	\$26,323,684.33	
Benchmark for NORA purchases								
	12/27/17		Volume Dth	Price	Total			
			5,010	\$10.8228	\$54,229.27			
	12/28/17		5,010	\$14.5915	\$73,103.28			
			10,020	\$12,70714	\$127,332.55	\$26,238,505.02	\$26,365,830.57	
Purchase Exceed Benchmark \$				\$	2,333.25	\$	(42,146.24)	
Purchase Exceed Benchmark %					1.83%		-0.1596%	
DECEMBER 2017								
Transco Zone 5 South Delivered - Inside FERC Adjusted to NORA								
Transco Zone 5 South Delivered - Inside FERC GDD price Day 27								
Plus: ETNG Fuel (1: 2.22%								
Plus: ETNG FT-A Commodity								
Plus: ACA Volumetric Surcharge								
TOTAL								
					\$10.8228			
Transco Zone 5 South Delivered - Inside FERC Adjusted to NORA								
Transco Zone 5 South Delivered - Inside FERC GDD price Day 28								
Plus: ETNG Fuel (1: 2.22%								
Plus: ETNG FT-A Commodity								
Plus: ACA Volumetric Surcharge								
TOTAL								
					\$14.2650			
					\$0.3239			
					\$0.0013			
					\$0.0013			
					\$14.5915			

ATTACHMENT A

Chattanooga Gas Company
PBR Filing For ACA Year Ended June 30, 2018
Summary Sheet
Gas Cost Over (Under) Benchmark

Month	Tenn/Zone 0 (Gas Daily - Storage)	Tenn500L (Gas Daily - Storage)	Tenn800L (Gas Daily - Storage & City Gate)	TETCO (ELA) Gas Daily Index adjusted for transport to city gate via ETNG (GDD-TETCO (ELA))	SONAT (Gas Daily - City Gate)	SONAT (Gas Daily - CSS Storage)	Tenn500L (Gas Daily - City Gate)	Cost Over (Under) Benchmark	%
Jul-17	\$0.00	\$0.00	(\$2.07)	\$0.00	\$	(\$0.00)	\$0.00	(\$6,975.57)	-0.4217%
Aug-17	\$0.00	\$0.00	\$1.41	\$0.00	\$	(\$0.00)	\$0.00	(\$6,865.77)	-0.4384%
Sep-17	\$0.00	\$0.00	\$1.68	\$0.00	\$	(\$0.00)	\$0.00	(\$6,643.98)	-0.3984%
Oct-17	\$0.00	\$0.00	\$6.45	(\$12,547.31)	\$	\$0.00	\$0.00	(\$15,878.26)	-0.5714%
Nov-17	\$0.00	\$0.00	\$1.83	(\$2,500.23)	\$	\$0.00	\$0.00	(\$2,498.40)	-0.2780%
Dec-17	\$0.00	\$0.00	\$2.72	(\$3,353.36)	\$	\$0.00	\$0.00	(\$3,355.11)	-0.1448%
Jan-18	\$0.00	\$0.00	(\$3.26)	\$353.11	\$	\$0.00	\$0.00	\$319.06	0.0070%
Feb-18	\$0.00	\$0.00	\$4.24	\$0.00	\$	\$0.00	\$0.00	\$4.24	0.0003%
Mar-18	\$0.00	\$0.00	\$0.24	(\$0.00)	\$	(\$0.00)	\$0.00	\$0.00	0.0000%
Apr-18	\$0.00	\$0.00	(\$5.62)	\$0.00	\$	(\$0.00)	\$0.00	(\$2,608.52)	-0.0778%
May-18	\$0.00	\$0.00	\$4.49	(\$0.00)	\$	\$0.00	\$0.00	\$0.48	0.0002%
Jun-18	\$0.00	\$0.00	\$66.11	(\$0.00)	\$	(\$44.22)	\$0.00	\$21.72	0.0012%
	\$0.00	\$0.00	\$74.06	(\$18,033.79)	\$0.00	(\$44.22)	\$0.00	(\$44,478.49)	-0.1695%
% Bench	0.0000%	0.0000%	0.015%	0.0000%	0.0000%	-0.0027%	-0.0027%		

Excluding NORA Purchases

Total CGC Purchase Gas Cost	\$0.00	\$0.00	\$4,800,056.36	\$5,295,016.45	0	\$1,652,291.51	0	\$26,194,025.53
Total Benchmark Purchase Gas Cost	\$0.00	\$0.00	\$4,799,982.30	\$5,413,050.24	0	\$1,652,335.73	0	\$26,238,505.02
Purchase Exceed Benchmark by	\$0.00	\$0.00	\$74.06	(\$18,033.79)	\$0.00	(\$44.22)	\$0.00	(\$44,478.49)
% of Benchmark	0.0000%	0.0000%	0.0015%	-0.3332%	0.0000%	-0.0027%	0.0000%	-0.1695%