



September 3, 2020

VIA ELECTRONIC FILING

TPUC.DocketRoom@tn.gov

Hon. Kenneth C. Hill, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Docket No. 20-00049, Chattanooga Gas Company Petition for Approval of its
2019 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(D)(6)

Dear Chairman Hill,

Jointly on behalf of Chattanooga Gas Company ("CGC" or "Company") and the Consumer Advocate Unit in the Financial Division of the Tennessee Attorney General's Office ("Consumer Advocate"), I am authorized to advise the Commission that there are no outstanding issues remaining in this docket, and that the parties have agreed to the submission of this matter to the Commission for approval based upon the docket record.

Since CGC filed its direct case in this docket on May 29, 2020, the Company and Consumer Advocate have extensively litigated the issues associated with the annual rate review of CGC's 2019 revenues and expenses pursuant to the Annual Review Mechanism ("ARM") approved by the Commission in its October 7, 2019 Order approving the Stipulation and Settlement Agreement of the parties in Docket No. 19-00047. On May 29, 2020, CGC filed its initial petition and the required schedules and the pre-filed direct testimonies of Archie Hickerson, Gary Tucker, and Paul Leath, along with their respective testimony exhibits. The Consumer Advocate moved to intervene on June 17, 2020, and is the only intervenor of record. The Consumer Advocate pursued reasonably thorough discovery from CGC, and it filed its testimony of David Dittmore and Alex Bradley, along with supporting exhibits and workpapers on August 11, 2020. The Consumer Advocate filed its responses to the Company's discovery requests as well as the supplemental testimony and exhibits of Mr. Dittmore on August 20, 2020. CGC filed rebuttal testimony and exhibits on August 25, 2020.

Based upon a review of the entire record, it is the joint position of the parties that this matter is ripe for consideration on the merits by the Tennessee Public Utility Commission ("TPUC" or "Commission"). At this time, there remain no outstanding disputes between the parties with respect to this Docket, as clarified by and through discovery, the parties' communications, and pre-filed testimony and exhibits. It is the position of the parties that this matter should be resolved in favor of the positions set forth in CGC's petition and supporting

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documentation as modified by CGC's rebuttal testimony and exhibits and the testimony of the Consumer Advocate that is not inconsistent with CGC's rebuttal testimony and exhibits.

Specifically, based upon the record compiled in this matter, the following matters are undisputed:

1. Revenue Requirement. There is no dispute that the revenue requirement presented in Tucker Rebuttal Exhibit GT-4, which includes both the revenue deficiency for 2019 and the rate reset, is appropriate. The total recovery would be a \$4,758,576 rate increase effective October 1, 2020, if approved by the Commission.
2. Taxes. There is no dispute that all of the accelerated tax credits and benefits discussed in Mr. Tucker's prefiled direct testimony are appropriate and should be utilized to reduce the revenue requirement to the \$4,758,576 set forth in Tucker Rebuttal Exhibit GT-4. These accelerated tax credits and benefits include those accelerated tax items that are the subject of CGC's petition for reconsideration filed in Docket No. 18-000035, and the parties agree the reconsideration petition should be approved prior to ruling on the merits in this docket.
3. Rate Design. There is no dispute that the rate design proposed by CGC's witness Mr. Archie Hickerson to implement new rates should be approved, which is essentially an across the board increase.
4. Going forward issues. The Consumer Advocate has raised in its testimony three considerations for future CGC ARM proceedings. The parties agree that there are no changes to be made in CGC's ARM mechanism in this docket. Further, there is no dispute regarding the following matters:
 - a. COVID-19. Each Party reserves its rights to take and advocate positions regarding how the Commission should address the impact of COVID-19 on CGC's expenses and revenues in CGC's 2021 ARM Docket, or in any other appropriate proceeding that Commission may designate to consider COVID-19 expense and revenue impacts.
 - b. AFUDC/CWIP. The Parties agree that the Consumer Advocate reserves its right to be able to argue for substantive changes to the treatment of CGC's AFUDC/CWIP in CGC's 2021 ARM Docket, which will address 2020 expenses and revenues.
 - c. Legal Expenses. There is no dispute that commencing with CGC's 2021 ARM filing, CGC will add a new, additional schedule to provide support for CGC's outside legal expenses, designated "Schedule 39: Outside Legal Services," as set forth in Tucker Rebuttal Exhibit GT-5 and discussed in the rebuttal testimonies of Mr. Tucker and Mr. Leath. Notwithstanding the addition of this Schedule to CGC's ARM filings in the future, the Consumer Advocate retains its rights to pursue discovery and to take positions or make proposals for different treatment

for CGC's legal expenses, and CGC retains its rights with respect to objections, defenses, and positions with respect to such Consumer Advocate's discovery, proposals, and positions.

Based upon the record as compiled to date and the recognition that there are no outstanding disputes, and consistent with agency practice, the parties hereby jointly request that the entire official record in this docket, including all discovery responses, be made a part of the evidentiary record. While not yet of record in the docket file, this would also include the proofs of publication for the public notices CGC published in the Chattanooga and Cleveland newspapers this past Sunday; CGC will file the proofs of publication as soon as they are received prior to September 14.

In view of the foregoing, unless otherwise requested by the Commission, the parties hereby waive opening statements, the presentation of live testimony, summaries of prefiled testimony, cross examination of witnesses, and any closing statements or post-hearing briefs. If desired by the Commissioners, all of the five witnesses of the parties shall be available for the Hearing on the merits to the extent the Commissioners or Staff have questions of the witnesses. Given the present state of emergency, CGC and the Consumer Advocate shall have their witnesses and counsel available via WebEx, telephonically, or by whatever other means the Commission may designate for the final hearing in this matter.

Pursuant to the Commission's procedures at this time, I shall follow up to this electronic filing with the necessary paper copies of this letter. Should you have any questions concerning this filing, or require any additional information, please do not hesitate to contact me.

Yours truly,

Butler Snow LLP



J.W. Luna

Enclosures

cc: Daniel Whitaker, Assistant Attorney General, Consumer Advocate Unit
Elizabeth Wade
Paul Leath
Floyd R. Self