



Kenny Smith  
Manager, Rates and Tariff Admin.

10 Peachtree Place  
Atlanta, GA, 30309  
404 584 3704 tel  
404 584 3817 fax  
KRSMITH@southernco.com

**Electronically Filed in TPUC Docket Room on September 23, 2020 at 2:20 p.m.**

September 30, 2020

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

**20-00113**

Re: Chattanooga Gas Company Annual Report of Actual Cost of Gas Purchased and  
Applicable Indices for the twelve months ended June 30, 2020

Dear Chairman Hill,

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 four copies of the report of actual gas cost and the applicable index cost for each month of the plan year ended June 30, 2020 (Attachment A). As shown on Attachment A, the commodity cost of gas purchased by CGC during the plan year was approximately 0.066% 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.

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.

The purchases at the Mt. Pleasant receipt point are considered supply purchased at the Citygate as described in GCC's PBRM tariff and are, therefore, excluded from the actual commodity cost when compared to the benchmark gas cost amount. Rather than obtain a transportation contract with TETCO to purchase and move gas from a liquid supply location to Mt. Pleasant, CGC has taken the least cost approach of buying "delivered" supply at the Mt. Pleasant receipt point from its Asset Manager for delivery to its city-gate. Attachment D includes a Mount Pleasant Supply Purchases Cost Benefit Analysis.

In its June 2018 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. There were



**Kenny Smith**  
Manager, Rates and Tariff Admin.

10 Peachtree Place  
Atlanta, GA, 30309  
404 584 3704 tel  
404 584 3817 fax  
KRSMITH@southernco.com

Nora purchases during the 12 months ended June 30, 2020. Attachment E includes the NORA Supply Purchases Benchmark Analysis.

CGC considers the detailed information on Attachments B, C, D, & E 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 3704.

Sincerely,

A handwritten signature in blue ink, appearing to be "KS" followed by a stylized flourish.

Kenny Smith  
Manager, Rates and Tariff Admin.

