



April 20, 2021

21-00048

Chairman Kenneth C. Hill
ATTN: Ectory Lawless, Docket Clerk
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Chattanooga Gas Company's Petition for Approval of Its 2020 Annual Rate Review Filing Pursuant to T.C.A. § 65-5-103(d)(6)

Dear Chairman Hill:

Enclosed is CGC's Petition for Approval of its 2020 Annual Rate Review filing pursuant to T.C.A. § 65-5-103(d)(6).

Attached please find the following documents for filing:

1. Petition (with Verification of Paul Leath)
2. Proposed Procedural Schedule (Exhibit A to the Petition)
3. Direct Testimony and exhibits of 3 witnesses:
 - a. Paul Leath (No Exhibits)
 - b. Gary Tucker (3 Exhibits)
 - c. Archie Hickerson (9 Exhibits – including redline and clean versions of Revised Tariff Sheets)
4. Budget Affidavit of Tiffany Callaway-Ferrell

Numerous supporting documents and work papers are included in their Exhibits and other supporting documents and workpapers are supported by the witnesses and are provided for filing. All documents and workpapers required by the Settlement Agreement in Docket No. 19-00047 are provided in this filing.

Please note that there are a few documents which contain confidential information provided in accordance with TPUC practice and subject to a pending Protective Order to be issued by the Hearing Officer. CGC requests that the Hearing officer enter the Protective Order issued in last year's Docket No. 20-00049. The confidential documents are clearly marked and found at Schedules 27, 32, 34 (three separate Excel spreadsheets) and 35.1.

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In addition to this electronic filing, and pursuant to further conversations with Ms. Lawless we will deliver to her in the most efficient and practical manner a copy of this filing.

A courtesy copy of this filing is being provided to the Consumer Advocate.

Yours truly,

Butler Snow LLP

A handwritten signature in blue ink, appearing to read "J.W. Luna", is centered below the text "Butler Snow LLP". The signature is fluid and cursive.

J.W. Luna

JWL/cb
Enclosures

1 **I. WITNESS INTRODUCTION.**

2 **Q.** I am Paul Leath, Regional Director of Operations, Chattanooga Gas (“Company”
3 or “CGC”). My business address is 2207 Olan Mills Drive, Chattanooga,
4 Tennessee, 37421.

5 **Q. Is Chattanooga Gas a subsidiary of Southern Company Gas?**

6 A. Yes, it is. When Southern Company acquired CGC’s parent company AGL
7 Resources in 2016, the name was changed to Southern Company Gas.

8 **Q. What are your duties and responsibilities for Chattanooga Gas?**

9 I am a resident in Chattanooga, and I am responsible for the day-to-day operation
10 of the utility by the 50 employees we have working in Bradley and Hamilton
11 Counties, including safety, construction and maintenance of the system, and
12 regulatory compliance. Ultimately, it is my responsibility to ensure that
13 Chattanooga Gas meets our commitment to deliver safe, reliable, and affordable
14 natural gas service to approximately 68,000 customers.

15 **Q. When did you assume responsibility for Chattanooga Gas?**

16 A. I became the Regional Director of Operations in September of 2018.

17 **Q. Please summarize your professional career and education.**

18 A. I have lived and worked in Chattanooga since moving there in July 2012 when I
19 became the director of external and regulatory affairs for Chattanooga Gas
20 Company, the job I held until assuming my present position. I began my
21 professional career in the United States Army after graduating from Loyola
22 University Maryland in May 1989 with a BBA, Finance degree. During my nine
23 years in the Army, I rose from the rank of second lieutenant to captain, and I served

1 as a logistics officer during my military career. I left the Army in 1998 to go to
2 work with GE in their lighting division, where my primary duties included manager
3 of distribution and logistics. I left GE in 2001 and began my career in the natural
4 gas industry working for Atlanta Gas Light in Macon, GA. While in Macon, I was
5 the region operations manager of South Metro Atlanta and Central Georgia. In
6 2012, I was asked to move to Chattanooga to serve as the local community and
7 legislative affairs representative for the Company. Later, in 2016, I was given the
8 additional responsibilities for regulatory affairs and I became CGC's community
9 contact person.

10 During my time in Chattanooga, I have become very invested in this
11 community that I love. I serve on the boards of the Tennessee Chamber, Tennessee
12 Gas Association, and the executive committee of the Chattanooga Area Chamber
13 of Commerce. I have contributed significant time to furthering the economic
14 development of the CGC service area by serving as the Chairman of the Greater
15 Chattanooga Economic Partnership, Vice-Chairman of Economic Development for
16 the Chattanooga Chamber, and member of the Economic Development Council for
17 Bradley County. I have been a part of the regional economic development team
18 that worked on multiple expansion projects for our two largest area employers
19 resulting in Volkswagen investing \$1.4 billion and creating 3,000 new jobs and
20 McKee Foods investing \$500 million and adding 480 jobs to our community. I
21 have also been a part of the community team that helped to bring six large
22 automotive part manufacturers to the area resulting in \$375 million in investment
23 and the creation of over 1,625 new jobs. I also assisted with one of Bradley

1 County's larger manufacturers, Mars Chocolate N.A., making two expansions
2 worth \$243 million that brought an additional 160 jobs. In the past few months,
3 CGC extended its natural gas system into the Spring Branch Industrial Park in order
4 to serve Cannon Automotive, which will result in Cannon Automotive investing
5 \$114 million and adding 197 jobs in Bradley County. In addition, VW has
6 announced hiring an additional 1,000 employees as part of its \$800 million electric
7 vehicle line expansion. When completed in 2021, VW will employ over 4,800
8 employees. In 2020, the year of COVID-19, when many communities have been
9 devastated by job loss, Chattanooga has added over 1,500 jobs and approximately
10 \$1 billion in new investment. I am also a member of the Chattanooga Downtown
11 Rotary Club and I've served on the United Way of Greater Chattanooga's Funds
12 Allocations Committee.

13 **Q. Have you ever appeared before this Commission or any other Commission?**

14 A. Yes, I provided testimony in Docket 02-00049, the Company's 2020 annual review
15 mechanism or "ARM" docket, but we resolved that docket without a hearing or the
16 need for oral testimony. I have also provided testimony in Docket 20-00131,
17 CGC's pipeline replacement proceeding, which was approved on April 12, 2021.

18
19 **II. PURPOSE OF TESTIMONY.**

20 **Q. What is the purpose of your direct testimony?**

21 A. I am testifying today to support the Company's overall Annual Review Mechanism,
22 or ARM, for calendar year 2020, or what is referred to as, the Historic Base Period.
23 This case is being filed pursuant to the Stipulation and Settlement Agreement

1 reached in Docket No. 19-00047 and approved by the Commission in its Order
2 Approving Settlement Agreement dated October 7, 2019 (“2019 ARM Order”).
3 Our case also addresses the 2020 ARM Docket, Docket 20-00049, and the
4 Commission order issued on October 27, 2020 (“2020 ARM Order”) which
5 requires us to file a new Schedule 39, which is also a part of this case. I will provide
6 an overview of the case, some general information regarding the economic growth
7 of our service area in Hamilton and Bradley counties, and a review of the
8 operational activities that underlie the financial numbers that are the subject of the
9 testimonies of our other witnesses.

10 **Q. Are you sponsoring any exhibits with your Direct Testimony?**

11 A. No, I am not providing any exhibits to my Direct Testimony. However, I have
12 provided an affidavit in support of our overall case filing that is a part of the Petition
13 being filed.

14 **Q. Please identify the other CGC witnesses who will be supporting the**
15 **Company’s case in this docket.**

16 A. CGC is sponsoring two other witnesses in this case.

17 First, we have Mr. Gary Tucker, who is the Manager of Regulatory
18 Reporting, for Southern Company Gas. Mr. Tucker will provide the necessary
19 testimony and exhibits regarding the calculation of the Historic Base Period annual
20 reconciliation balance deficiency for 2020 and the prospective 2021 rate reset
21 necessary for the Company to earn its rate of return. Mr. Tucker’s testimony will
22 address both the prescribed requirements of the 2019 ARM Order and 2020 ARM
23 Order as well as our preferred rate adjustment proposal to voluntarily temporarily

1 cap rate adjustments at \$6.8 million per year for four years, through and including
2 our 2024 ARM Docket filing.

3 Second, Mr. Archie Hickerson, who is the Director of Rates and Tariff
4 Administration at Southern Company Gas. Mr. Hickerson's testimony and exhibits
5 support the revenue schedules and normalization adjustments required under the
6 ARM Order. He also is our rate design witness, and his exhibits include the
7 proposed tariffs for both CGC's prescribed ARM rate adjustment and our preferred
8 alternative rate recovery that caps the rate increase at \$6.8 million.

9
10 **III. CASE OVERVIEW.**

11 **Q. Please summarize CGC's ARM case.**

12 A. CGC has a 2020 Historic Base Period total revenue deficiency of \$11.8 million,
13 which includes the rate reset, revenues authorized by the 2020 ARM Docket, and
14 certain normalized costs.

15 **Q. What are the primary drivers for this revenue deficiency?**

16 A. Capital investments are the largest single component of this increase, with other
17 significant factors impacting this filing including increases in operations and
18 maintenance expenses, expiring tax credits which were used to reduced CGC's
19 2019 deficiency as set forth in the 2020 ARM Order, and timing delays associated
20 with the normal regulatory lag associated with implementing the new rates from
21 the 2018 rate case and the 2020 ARM Docket. This \$11.8 million recovery
22 represents the prescribed or required ARM recovery under the 2019 ARM Order.

23 **Q. Is CGC seeking the full recovery of this revenue deficiency?**

1 A. We are seeking the Commission's approval of this entire \$11.8 million deficiency
2 amount, but we are only seeking to recover in rates this year a maximum of \$6.8
3 million.

4 **Q. What is CGC's proposal to limit the rate recovery to only \$6.8 million this**
5 **year?**

6 A. Given the size of the overall revenue deficiency and rate reset for 2020 Historic
7 Base Period, and the projected future ARM recoveries anticipated over the next few
8 years, CGC is proposing to voluntarily and temporarily limit the total rate increase
9 for any year over the next four years to a maximum amount of \$6.8 million. In
10 other words, under this alternative proposal, which CGC is recommending as our
11 preferred recovery for this 2021 ARM Docket, CGC's ARM recovery in this docket
12 will be a maximum of \$6.8 million regardless of the actual amount of the approved
13 recovery for the 2020 Historic Base Period. With this cap, any excess due above
14 the cap will be carried over for the next year. In subsequent years, any excess will
15 be carried forward and combined with the over/under recovery of the successive
16 years, and the cumulative recovery will be recovered up the \$6.8 million cap in any
17 given year through the 2024 ARM Docket. Thus, the maximum ARM recovery for
18 the ARM Docket filings in 2021 through 2024 would be no more than \$6.8 million
19 per year. If there is any cumulative net recovery left over after the 2024 recovery,
20 that balance would be added to the 2025 ARM Docket filing. If the net cumulative
21 recovery in any year is less than \$6.8 million, then the actual recovery for that year
22 would be the lesser amount with no carry over to the next year, including, if
23 applicable, 2024 to 2025. However, the \$6.8 million cap was chosen based upon

1 our projections that do not anticipate any carryover into 2025. Mr. Tucker will
2 further detail the basis for this proposal and why the \$6.8 million is a reasonable
3 cap.

4 **Q. Why is CGC making this proposal?**

5 A. CGC believes this voluntary annual cap for four years will provide our customers
6 with greater rate predictability and stability. This cap will also help to reasonably
7 minimize the rate shock of the otherwise applicable 2021 rate increase if the
8 prescribed ARM recovery were put into effect. As CGC has separately reported to
9 the Commission in its annual capital budget report, and as Mr. Tucker and I will
10 further discuss in this docket, CGC projects some abnormally high levels of capital
11 investments and certain other expenditures over the 2021 through 2024 period that
12 would lead to some high and low recoveries each year. This proposal will serve to
13 limit recoveries in the 2021 through 2024 dockets to no more than \$6.8 million per
14 year while still investing some \$150 million in infrastructure during that four-year
15 period.

16 **Q. Are there any other aspects to this preferred proposal?**

17 A. Yes. For the Commission, customers, and other interested parties to reasonably
18 assess this primary recommendation to cap ARM recoveries at no more than \$6.8
19 million per year, we will provide supporting details. As Mr. Tucker will discuss,
20 CGC will include additional information, beyond what is required by the 2019
21 ARM Order, such as assessments of its future capital investments, the recently
22 approved pipe replacement program (“PRP”), and other projected projects and
23 expenditures that will have a material impact on future year expenditures. By

1 making this primary recommendation, CGC is not proposing to amend or revise its
2 approved ARM or any of the methodologies approved in the 2019 ARM Order.
3 CGC also reserves its rights with respect to the prescribed recovery, such that if its
4 primary recommendation to cap recoveries as set forth herein is not adopted in full
5 as filed (or as modified if CGC subsequently agrees in a writing to the
6 Commission), then this preferred recovery becomes void and CGC shall seek the
7 full prescribed recovery of the 2020 ARM filing. CGC further reserves its rights in
8 a subsequent ARM Docket to seek a modification to the cap or its elimination if
9 circumstances on the record of such future ARM Docket merit a change due to
10 changes in regulations or financial conditions that would adversely impact CGC's
11 ability to recover its cumulative ARM recovery in a reasonable period of time.

12 **Q. What is the effect of CGC's preferred proposal on customers?**

13 A. For our typical residential customer, under the prescribed ARM recovery there is a
14 monthly increase of \$7.36. However, if the Commission approves our proposed
15 voluntary temporary cap, under the preferred recovery the typical customer will
16 only see a \$4.38 per month increase, which on a total bill basis means customers
17 will still be paying less than 10 years ago when adjusted for inflation. Mr.
18 Hickerson's testimony provides the complete set of rates and tariffs for both our
19 preferred proposal and the prescribed recovery and the overall impacts of our
20 prescribed and preferred ARM recovery on customers.

21
22 **IV. THE ANNUAL ARM PROCESS.**

23 **Q. Please briefly summarize the ARM process.**

1 A. CGC's ARM is based upon the General Assembly's authorization to the
2 Commission to approve various alternative regulatory mechanisms for utilities.
3 CGC's ARM involves an annual review of rates, which includes an examination of
4 both revenues and expenses each year. From that review, rates are to be adjusted
5 up or down based upon the Company's overall performance and whether we have
6 under earned or over earned based upon our approved rate of return. Both Mr.
7 Tucker and Mr. Hickerson will use actual data from calendar year 2020, which is
8 identified in the 2019 ARM Order as the Historic Base Period. This retrospective
9 look is based upon the books and records of the Company. For informational
10 purposes only, CGC's filing includes its 2021 budget, but the rate adjustment is
11 based solely on the 2020 Historic Base Period and not the current budget year.
12 Because of CGC's voluntary temporary rate adjustment cap proposal, Mr. Tucker
13 will provide additional projected information beyond the 2021 budget year to
14 demonstrate why a cap of \$6.8 million per year for four years is reasonable and
15 appropriate. All the data for 2021 through 2024 relates only to the appropriateness
16 of the cap and not to the actual amount of the rate adjustment that needs to be
17 recovered in this docket, which is based solely on the 2020 revenues and expenses.

18

19 **V. CGC's 2020 OPERATIONS**

20 **Q. Please provide an overview of CGC's service territory and operations for 2020.**

21 A. Calendar year 2020, the Historic Base Period for purposes of this ARM case, was
22 a difficult and challenging year for the Company. On the one hand, the
23 extraordinary circumstances caused by the COVID-19 novel coronavirus pandemic

1 materially and adversely impacted CGC's customers in different ways and to
2 varying degrees, resulting in a variety of unanticipated circumstances. For
3 example, we have experienced an increase in customers falling behind on
4 payments, prompting the creation of our Alternative Payment Plan which is a
5 special customer repayment program. We have had to reprioritize essential and
6 emergency services as COVID-19 impacted our workforce and the communities,
7 all while implementing Centers for Disease Control and Prevention procedures for
8 our employees. We needed to change our call center screening procedures before
9 we assigned work. We created a Keep Me Informed procedure to give our
10 customers advanced text message notices of our arrival or calls from our concierge
11 team with information on any delays in our scheduled arrival time.

12 On the other hand, many of the communities served by CGC, after some
13 initial COVID-19 shutdowns/slowdowns, rebounded quickly, if unequally, and the
14 overall CGC service area ultimately saw very strong growth that required CGC to
15 continue to make substantial infrastructure investments to replace, expand, and
16 extend service lines and facilities. As CGC has reported these last several years,
17 capital infrastructure investments continue to be a big driver for CGC. After fearing
18 COVID-19 impacts, the Company ended up exceeding its original capital budget
19 for 2020, and ultimately fell short of its higher reported revised capital budget only
20 because of material supply and permitting issues. While this large surge in capital
21 infrastructure investments is expected to continue, many of these programs – such
22 as those associated with better optimization of CGC's LNG plant – will result, over
23 the long run, in significant commodity savings for customers because CGC will be

1 able to more cost effectively address supply and capacity needs for customers
2 through a gas supply we control.

3 **Q. Please describe in more detail some of the significant growth that is continuing**
4 **to occur in CGC's service area that is impacting your capital expenditures last**
5 **year and going forward.**

6 A. In general, I can tell you that when USA Today looked at more than 400
7 metropolitan statistical areas ("MSAs") in 2020 to see where growth was occurring,
8 for February through November only 28 MSAs experienced positive job growth,
9 and the Chattanooga MSA came in tenth and Cleveland at eleven. Because of this
10 overall growth, we again saw over 900 new residential meters installed in 2020
11 along with 121 new commercial meters, which was down only slightly from our
12 2018 and 2019 new meter installs. Looked at differently, we have nearly doubled
13 the annual number of new residential and commercial customers over eight years
14 ago.

15 To address this growth, we have focused on five high growth corridors
16 where we have made and will be making pressure improvements, LNG plant
17 upgrades and renewals, or pipeline extensions. First, in the Spring Branch
18 Industrial Park we have over 500 acres of new industrial and retail/commercial
19 sites. Cannon Automotive Solutions is the first project to locate in the park and is
20 investing \$114 million as well as creating some 200 jobs. Second, in the Ooltewah,
21 Apison, and Collegedale area we have had over 1,200 new residential requests in
22 the last 3 years and expect another 1,400 over the next few years. In addition, in
23 March of 2020 McKee Bakery announced a \$500 million expansion that will add

1 480 new jobs and utilize natural gas for its new baking ovens. Third, because
2 Volkswagen continues to expand its production and add new vehicle lines,
3 including the new ID.4 electric SUV, the Enterprise South Industrial Park is seeing
4 growth in new VW suppliers at a 300+ acre site. Fourth, the Hixson area has seen
5 more than 800 new residential requests in the last 3 years, and we expect a similar
6 number of new residential requests in the next three years. Fifth, the North Lee
7 Highway pressure improvement project in Cleveland will finish up in 2021, but
8 there was approximately \$1.4 million spent in 2020. Together, these projects
9 represent the widespread growth occurring in our service area and substantiate our
10 need to spend some \$30 million a year in infrastructure investments. This is all
11 very positive for our past, present, and future growth.

12 **Q. Let's look in more detail at the Company's 2020 capital spend. How much is**
13 **included as 2020 capital investments?**

14 A. Mr. Tucker's documentation shows that we spent \$25.9 million in 2020 on capital
15 projects.

16 **Q. How does that \$25.9 million compare with what was budgeted and reported to**
17 **the Commission?**

18 A. CGC originally budgeted \$24.9 million in capital costs for 2020, but by the time
19 we made our capital budget presentation to the Commission in March of last year,
20 we had increased that number to \$29.3 million. As the COVID-19 pandemic played
21 out, there were delays in materials, permitting, and construction resources that
22 forced us by year end to carry forward approximately \$3.4 million into 2021.

1 **Q. In the 2018 rate case and last year’s ARM Docket, the Company identified**
2 **several large construction projects. What is the status of those activities?**

3 A. We completed several major projects in 2020. First and foremost, the Red Bank
4 high pressure expansion was completed, which enables us to better redeliver gas
5 from our LNG plant into the system and facilitates gas availability elsewhere within
6 the system. Also associated with this greater utilization of the LNG plant were two
7 maintenance items, the replacement of the sieve material in the plant’s three
8 dehydrators and the installation of rip rap on the LNG tank containment berm. The
9 sieve materials remove impurities from the gas before liquefying and were running
10 slow and creating other problems; replacing them reduces the time it takes to fill
11 the tank and the wear and tear on equipment, thus allowing the plant to operate at
12 optimum efficiency. Installation of the rip rap on the tank containment berm helps
13 eliminate washouts and improves and enhances the safety of the storage area and
14 also reduces some of the maintenance work for the berm.

15 Elsewhere, we also finished the Standifer Gap Road Phase 1 pressure
16 improvement (“PRIM”), the North Lee Highway PRIM, the Cleveland PRIM, the
17 Cummings Highway PRIM, and the Lookout Mountain PRIM. We also spent some
18 \$4.2 million on our bare steel/cast iron pipeline replacement, \$2.7 million on our
19 West Chattanooga-Hamilton expansion project, \$1.6 million on our Transmission
20 Integrity Management Program, \$2.8 million on relocations required by the
21 Tennessee Department of Transportation or local governments, and \$3.7 million on
22 mains, service lines, meters, and regulators for new residential and business
23 customers.

1 **Q. The Commission recently approved CGC’s proposed pipe replacement**
2 **program (“PRP”) in Docket 20-00131. Is any of that included in this case?**

3 A. No, it is not. While the 2020 Historic Base Period does include expenses that are
4 classified as pipe replacement costs, those are from existing and past programs. As
5 my testimony in the PRP docket reflects, we have different pipe replacements
6 occurring pursuant to other programs, such as the Distribution Integrity
7 Management Program required by federal law. The specific PRP that was approved
8 in April will not formally start until 2022, and so those costs will not be subject to
9 recovery until the 2023 ARM Docket. The pipe replacement costs that are not a
10 part of the PRP shall continue to be separately identified and reported in subsequent
11 ARM cases as they may occur.

12 **Q. You indicated earlier that some of these capital investments are not just about**
13 **infrastructure but also cost savings to customers. Can you please explain that?**

14 A. Yes. As we have reported to the Commission over the last couple of years, some
15 of our projects do involve more than simply extending lines, pressure
16 improvements, or replacing aging infrastructure. The most significant benefit of
17 the Red Bank-Signal Mountain project we identified in our 2018 rate case (which
18 operationally is the West Hamilton-Chattanooga high pressure expansion) was to
19 create the ability to deliver gas from our LNG plant into the system as a means of
20 offsetting the loss of gas from the Oglethorpe Power Corporation release of 25,000
21 Dekatherms per day contract that expires on January 31, 2022; as we have said, this
22 is the most cost-effective way to supply gas to our customers. By investing in
23 infrastructure, we help to keep down customers’ cost of gas by better employing

1 the LNG plant and other system resources. This is why you should not look in
2 isolation just at increases in base rates, as you must examine the total bill, including
3 gas costs, in order to assess the real impact on customers. Through these capital
4 investments, we project saving our customers some \$40 million in natural gas costs
5 over the next ten years.

6 **Q. Outside of capital projects, where do you stand now on staffing in**
7 **Chattanooga?**

8 A. While recruiting, training, and retaining quality staff is always a challenge, the
9 phenomenal growth in the greater Chattanooga and Cleveland areas continues to
10 make it easy to leave for other better paying jobs. This challenge is exacerbated
11 because it can take 18 to 24 months to get a new employee trained and qualified to
12 perform their assigned duties. While we have worked very hard at retaining talent,
13 last year we still had to recruit six new employees. Finding high quality
14 replacements is a challenge, but I am happy to report that all 50 positions are
15 currently filled in Chattanooga.

16 **Q. In filing last year's ARM case, the COVID-19 global pandemic was still in its**
17 **early stages, and you noted in last year's ARM Docket that there were**
18 **obviously no COVID-19 impacts associated with its 2019 Historic Base Period.**
19 **Since COVID-19 is a 2020 event, continuing into 2021, are there any COVID-**
20 **19 impacts that are reflected in the 2020 Historic Base Period?**

21 A. Mr. Tucker has a specific schedule included with his testimony which captures the
22 economic impacts of COVID-19, and I defer to him for the accounting regarding
23 those specific costs. At an operational level, in addition to what I have already said,

1 a key component of our response to COVID-19 was to suspend all disconnections
2 for nonpayment, which we did before the Commission ordered it. When the
3 Commission lifted the moratorium on disconnections for nonpayment, in addition
4 to creation of the special Alternative Payment Plan (“APP”), we engaged in an
5 extraordinary publicity and communication program to advise customers of their
6 options and did everything we could to keep them on the system by offering flexible
7 repayment options tailored to each customer’s situation. For customers
8 participating in our APP, we waived late fees and waived deposits. We participated
9 in the Commission’s formal docket, opened in response to the Consumer
10 Advocate’s petition, and we have provided weekly, and now monthly, reports to
11 the Commission on our activities and the progress in reducing customers who are
12 in arrears on payments and on our progress in getting customer back current. I
13 believe that our efforts have been successful at retaining more of our customers
14 than might have otherwise been the situation. As our most recent report to the
15 Commission in Docket 20-00047 reflects, we have reduced the total number of
16 customers with past due balances and have nearly 1,400 customers on our APP.
17 While terminations of service for nonpayment are higher than we would like, and
18 many customers continue to struggle, we are continuing to work with customers
19 who are in arrears to help them keep their natural gas service.

20 **Q. Besides COVID-19, your service area also was impacted by a devastating**
21 **tornado on April 12th. How has that impacted the Company’s operations?**

22 **A.** Mr. Tucker is providing an additional schedule on the financial impacts of this
23 event on the Company. At an operational level, let me say that I could not be

1 prouder of the way that our employees responded to this terrible event and of the
2 way our larger corporate family assisted us in responding to it. The National
3 Weather Service ultimately determined that seven tornadoes touched down in the
4 Tennessee Valley on Easter night, killing 10 people and injuring many more. Both
5 Hamilton and Bradley counties were seriously impacted, and our system suffered
6 damaged mains and service lines in an eight-mile-long zone. We mobilized our
7 entire Chattanooga staff to assist with leak detections and shutting off service in the
8 impacted areas, and we managed to secure the system within the first hours of the
9 event. Further enabling our quick response, our sister company Atlanta Gas Light
10 immediately provided mutual aid by sending 46 employees for the April 13 through
11 15 time period, with nine employees staying and assisting through May 1st.
12 Together, we were able to engage in damage assessments of every home and
13 business within the eight-mile tornado zone. We worked cooperatively with other
14 utility and first responders on damage prevention. Within three days, we responded
15 to reports of leaks and restored service to almost 500 customers who could be safely
16 reconnected. It was a significant logistical effort to bring in supplies and people,
17 and the associated meals, lodging, and other necessities they required, but our
18 actions enabled us to accelerate our damage assessments and rebuilding efforts.

19 Also keep in mind that this was tragic event occurred as we were largely
20 locked down by the COVID-19 pandemic that was expanding every day, and at that
21 time we still did not fully understand how best to protect customers and employees
22 while preventing the spread of this disease. Accordingly, we undertook the
23 maximum protections that we could to protect our employees, customers, and the

1 other utility, first responder, and relief workers we were dealing with. Successfully
2 responding to an event like this as we did in “normal” times is a major
3 accomplishment, and I am not exaggerating when I say that doing so in the middle
4 of a global pandemic is nothing short of miraculous. I am truly honored to work
5 with these dedicated employees who placed the needs of our customers before their
6 own.

7 **Q. Mr. Tucker in his testimony says that in 2020 the Company has identified some**
8 **additional inactive service lines that have been removed, over and above those**
9 **removed in the 2020 ARM Docket. What actions has CGC taken with respect**
10 **to these inactive lines?**

11 A. Historically we have left inactive service lines on the books in anticipation of the
12 customer returning to service or a new potential customer taking over the premises
13 through a sale or lease. This creates a mismatch between service lines and active
14 customer accounts. In the 2020 ARM Docket the Consumer Advocate sought to
15 remove the depreciation expense associated with these inactive lines so that
16 ratepayers do not incur those costs within the normalized revenue requirement, and
17 we agreed they should be removed. To be consistent with this action, this past year
18 we have reviewed the data and established the number of services that have been
19 inactive for more than two years. We are now retiring lines in order from oldest to
20 newest. Our team has a goal to retire approximately 150 out-of-service lines per
21 quarter, which started the midway through the first quarter of 2021.

22 **Q. As you have indicated, CGC is part of a larger company, and CGC receives**
23 **certain centralized services provided by Southern Company Gas and its AGL**

1 **Services Company. Please discussed how CGC has benefited from these**
2 **centralized services.**

3 A. As I have already testified, our capital investments in new, upgraded, and improved
4 infrastructure could not occur without the capacity planning, forecasting, and
5 construction services provided by the larger company. A company the size of CGC
6 simply could not support the sophisticated design, planning, bidding, and
7 construction we've experienced and in such a cost-effective manner. Construction
8 superintendents and project coordinators oversee our contractors making sure they
9 follow our operations manual and safety protocols so work can be completed in the
10 manner required by our high standards. Our outside services employees also help
11 ensure system integrity and safe operations. We can make nearly \$26 million in
12 capital investments only because our employees work closely with our Services
13 Company employees.

14 While my job responsibilities include new business development, a lot of
15 our success in getting new residential developments and business office parks to
16 use natural gas comes from the work of our account executive, our manager of
17 major accounts, and our director of external affairs who also work hard on those
18 relationships. Together, these efforts translate into the continued high rate of new
19 customers we to see each year, even during a global pandemic.

20 **Q. Are there any other ways in which the services company has provided benefits**
21 **or assistance to CGC this past year that is worth noting?**

22 A. Chattanooga Gas customers and employees benefit from other service company
23 providers as well. The Safety Specialist assigned to CGC helps to proactively

1 identify risks in our operations and develop procedures to mitigate them. In
2 addition, they conduct learning events for safety incidents which enable all
3 operating units to share best practices and lessons learned to eliminate risks. We
4 have supply chain service providers to ensure we get the best quality materials at
5 the lowest possible costs. We have diversity, equity, and inclusion service
6 providers that assist us in ensuring that we recruit and retain a diverse workforce
7 and diverse suppliers that reflect the communities we are privileged to serve.
8 Finally, we receive outstanding support from our human resources department
9 which helps us recruit outstanding candidates who enable us to continue to provide
10 world class customer service while maintaining a safe, reliable, and affordable
11 natural gas distribution system.

12
13 **VI. CONCLUSION.**

14 **Q. Do you have any concluding remarks?**

15 A. Yes. If you were to evaluate CGC's performance last year without regard to
16 COVID-19 or the tornado you would have to conclude that it was another great
17 year for the Company. But last year did not occur in a vacuum, which makes our
18 performance all the more extraordinary. We are extremely fortunate to live in one
19 of the fastest growing areas in the entire country and to enjoy significant growth in
20 new businesses that rely upon natural gas for their success. This new business
21 growth brings new jobs to our community and that, in turn, drives increased demand
22 for natural gas from our ever-expanding residential customer base and new and
23 other expanding businesses. While some of our customers continue to suffer the

1 effects of COVID-19 and the tornadoes, we are working every day to help our
2 customers benefit from remaining our customers. We could not accomplish all of
3 this without the highly skilled and dedicated team we have both in Chattanooga and
4 at our service company headquarters in Atlanta. We believe that our prescribed
5 ARM recovery is accurate, and that the preferred voluntary temporary rate cap is
6 the best way to implement our recovery this year through the 2024 ARM case.
7 With the approval of our case, Chattanooga Gas Company will continue to be in
8 the best position to provide safe, high quality, reliable, and affordable gas service
9 to our customers and the investments that make that service possible.

10 **Q. Does this conclude your direct testimony?**

11 A. Yes.

12