BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

November 1, 2021

IN RE:	)	
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CHATTANOOGA GAS COMPANY PETITION FOR APPROVAL OF ITS 2020 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103 (d)(6)	))))	**DOCKET NO. 21-00048**

ORDER APPROVING SETTLEMENT AGREEMENT ON CHATTANOOGA GAS COMPANY'S 2020 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)

This matter came before Chairman Kenneth C. Hill, Vice Chairman Herbert Hilliard, Commissioner Robin L. Morrison, Commissioner John Hie, and Commissioner David F. Jones of the Tennessee Public Utility Commission (the "Commission" or "TPUC"), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on August 9, 2021, to hear and consider the *Settlement Agreement* ("*Settlement Agreement*") of Chattanooga Gas Company ("CGC" or the "Company") and the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General ("Consumer Advocate") filed on July 15, 2021. In summary, the *Settlement Agreement* was approved.

BACKGROUND AND PETITION

In Docket No. 19-00047, the Commission approved a settlement agreement between CGC, the Consumer Advocate, the Chattanooga Regional Manufacturers Association, and members of the Commission Staff participating as a Party.[1] The resolution of Docket No. 19-00047, as approved by the Commission, established CGC's annual rate review mechanism ("ARM") in accordance with Tenn. Code Ann. § 65-5-103(d)(6). The ARM allows for annual rate reviews by the Commission in lieu of a general rate case. The effective date of its first annual ARM was to be September 1, 2020; however, on April 8, 2020, CGC filed a request to establish a docket to modify the ARM filing and delay its annual filing until May 20, 2020, due to the state of emergency declared by Governor Bill Lee for the COVID-19 pandemic.[2]

In Docket No. 20-00049, the Commission accepted the joint agreement of CGC and the Consumer Advocate, which concurred with the modified CGC rebuttal testimony and exhibits and the testimony of the Consumer Advocate. The Commission further acknowledged the parties reserved the right to take and advocate positions in CGC's 2021 ARM filing regarding: COVID-19 impacts on revenues and expenses; CGC's Allowance for Funds Used During Construction ("AFUDC"); CGC's Capital Works in Progress ("CWIP"); and inclusion of CGC's legal expenses.[3]

On April 20, 2021, CGC filed in the instant docket its *Chattanooga Gas Company Petition for Approval of Its 2020 Annual Rate Review Filing* ("*Petition*"), which included verification, proposed procedural schedule, testimonies, tariffs and budget affidavit supporting CGC's requested relief. According to the *Petition*, CGC had a total revenue deficiency of $11.8 million for the Historic Base Period of 2020 while adhering to the approved methodologies from Docket No. 19-00047.[4] Based on the sheer size of the needed revenues, the Company voluntarily proposed

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[1] *In re: Petition of Chattanooga Gas Company to Opt into an Annual Review of Rates Mechanism Pursuant to Tenn. Code Ann § 65-5103(d)(6),* Docket No. 19-00047, *Order Approving Settlement Agreement* (October 7, 2019) ("*Order Establishing ARM*").
[2] *See In re: Chattanooga Gas Company Petition for Approval of its 2019 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6),* Docket No. 20-00049, *Order Approving 2019 ARM Filing*, p. 2 (October 27, 2020).
[3] *Id*. at 5-6.
[4] *Petition*, p. 5.

to limit the total rate increase in any of the next four years to a maximum amount of $6.8 million.[5] In order for the Commission to properly assess the cap, the Company is proposing to include additional information beyond the requirements set forth by the 2019 ARM Order, such as assessments of its future capital investments, pipe replacement program and other projected projects and expenditures having a material impact on future year expenditures.[6]

In support of the *Petition*, the Company filed the pre-filed testimony of Paul Leath, the Regional Director of Operations for CGC. On behalf of the Company, Mr. Leath proposed to limit recovery for the next four years to $6.8 million annually with any under-recovered amount rolling to the next year. In the event of any net under-recovery after 2024, the balance would be added to the 2025 ARM Docket filing. Mr. Leath explained this proposal is being made by CGC in order to eliminate excessive fluctuations in rates while the Company experiences abnormally high levels of capital investments and expenditures during the 2021 to 2025 time period.[7] Mr. Leath testified that recovery of the entire $11.8 million would result in an average residential customer having a $7.36 month increase; while recovery of the $6.8 million under the Company's proposed cap would result in a $4.38 per month increase.[8] Although the revenue requirement here is based on the 2020 year, the Company also provided its 2021 budget for informational purposes.[9]

Mr. Leath testified, the COVID-19 pandemic materially and adversely affected both customers and the Company, yet the overall growth in the Company's service area required more investment in infrastructure. The Company continued to make substantial infrastructure investments resulting in it exceeding its original capital budget for 2020. The Company justified

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[5] *Id.* at 6.
[6] Paul Leath, Pre-Filed Direct Testimony, p. 6 (April 20, 2021).
[7] *Id.* at 6-7.
[8] *Id.* at 8.
[9] *Id*. at 9.

these expenditures by contending that customers will ultimately realize savings because the Company will operate more effectively and efficiently.[10]

According to Mr. Leath, the Company is concentrating on five high growth areas with pressure improvements, liquified natural gas ("LNG") plant upgrades and renewals, and pipeline extensions. First, the Spring Branch Industrial Park contains over 500 aces of new industrial/retail-commercial sites. Second, the Ooltewah, Apison, and Collegedale areas have had over 1,200 new requests for residential service in the last three years. Third, Volkswagen continues to expand its production and vehicle lines. Fourth, the Hixson area has realized more than 800 new residential service requests in the last three years. Fifth, the North Lee Highway pressure improvement project in Cleveland spent approximately $1.4 million in 2020.[11]

Mr. Leath testified that capital investments are the primary drivers of revenue deficiency. He does, however, highlight other factors such as increases in operations and maintenance expense ("O&M"), expiring tax credits and delays in implementing the approved rates from its 2018 rate case that have impacted the deficiency.[12] Mr. Leath provided an overview of the Company's construction projects and status. No expenses from the pipe replacement program plan approved in concept by the Commission in Docket No. 20-00131 are included for recovery in this docket.[13] Mr. Leath emphasized that some of the capital expenditures result in customer savings by allowing the Company to provide gas more efficiently.[14]

On behalf of the Company, Mr. Gary Tucker filed pre-filed direct testimony in support of the *Petition* and presented three Exhibits supporting the filing. Exhibit 1 is the ARM Model, which

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[10] *Id.* at 9-10.
[11] *Id.* at 11-12.
[12] *Id*. at 5.
[13] *Id*. at 14.
[14] *Id*. at 14-15.

contains the calculation of the 2020 annual reconciliation balance and rate reset; Exhibit 2 is a complete listing of the schedules provided in this filing; and Exhibit 3 demonstrates how the proposed cap impacts future ARM filings. He attested that all of the required ARM Schedules identified in the previous dockets are included along with new Schedule 39 (Outside Legal Services). In addition, Mr. Tucker explained that Schedule 35 includes multiple workpapers as required by the 2020 ARM Docket and additional schedules reflecting two major events impacting the Company.[15]

According to Mr. Tucker, the ARM contains two components: (1) recovery of an annual reconciliation balance based on a review of the Company's actual rate of return ("ROR") compared to its current authorized ROR of 7.12%; and (2) a rate reset based on the same Historic Base Period costs but adjusted for the recovery or refund of the annual reconciliation balance and certain normalization adjustments.[16]

Mr. Tucker attested that the Company's ARM filing complies with the ratemaking methodologies approved in its 2018 Rate Case and the filing requirements approved in the Company's 2019 ARM Docket.[17] He identified three adjustments that were approved in the 2020 ARM Docket. First, the inclusion of one-fifth of the allocated AGL Services Company ("AGSC") deferred pension contribution. Second, the reversal of the deferral of outside legal expense related to the ARM Docket, which was reflected in the 2019 Historic Base Period. Third, a reduction to depreciation expense associated with the removal of inactive service lines.[18]

[15] Gary Tucker, Pre-Filed Direct Testimony, pp. 2-6 (April 20, 2021).
[16] *Id*. at 7-8.
[17] *Id*. at 8.
[18] *Id.* at 17-18.

Mr. Tucker calculated the Company's actual ROR for the 2020 Historic Base Period and compared it to its authorized ROR of 7.12%.[19] The difference with the addition of carrying costs makes up the Company's annual reconciliation balance. He then calculated the rate reset, which includes normalization adjustments and the 2020 annual reconciliation balance recovery over one year. According to Mr. Tucker, his calculations result in an actual ROR of 4.21%, which is significantly less than 7.12%. The difference between the two ROR's results in a total annual reconciliation balance revenue deficiency of $7,405,780, and with carrying costs, the total is $7,707,208. The rate reset ROR is 5.59% making the difference between the authorized ROR and the actual ROR for the rate reset a revenue deficiency of $3,864,181. Incorporating both the 2020 Historic Base Period annual reconciliation balance and the rate reset, the Company calculated a revenue deficiency of $11,783,474.[20]

Mr. Tucker testified the Company incurred $928,000 of LNG maintenance expense that should not reoccur for the next four to eight years. For this reason, and to lessen the impact of this expense, the Company is proposing to make an adjustment and recover this expense over four years. Therefore, only one-fourth of the expense is included in the Historic Base Period with the remaining balance deferred in the rate base.[21]

According to Mr. Tucker and as discussed in the *Petition*, the Company proposed to implement a "preferred rate recovery" due to the size of the deficiency; in essence a voluntary rate adjustment cap of $6.8 million with residual deficiency recovered in future ARM filings from 2022 through 2024. Mr. Tucker stated the Company determined the cap based upon projected ARM filings through the next three years. Based on the projected needed recovery, the Company

[19] *Id.* at 9.
[20] *Id.* at 8-9, Exhibit GT-3, Page 1 of 2.
[21] *Id*. at 18.

determined that the deficiency and rate reset will smooth out and any carry over deficiency will be eliminated by 2024.[22]

For the record, Mr. Tucker attested that if the Company's cap is approved, additional carrying charges will be accrued on the overall deficiency balance. CGC also put forth the caveat that there may be unforeseen factors that could impact what the Company has projected over the next four years; such as changes in tax rates, safety and regulatory requirements and other unknown variables. Any of these changes could adversely impact the Company projections and may require a change or termination of the voluntary cap according to Mr. Tucker.[23]

Mr. Tucker testified to the normalization adjustment to account for the impact of a tornado, which is $202,000. This cost consists of employee and contractors' time, meals, lodging, fuel, generators, and mobile facilities. The normalization adjustment associated with the pandemic is $178,000. This cost primarily consists of the legal charges related to regulatory filings.[24]

In further support of the *Petition*, Mr. Archie Hickerson submitted pre-filed testimony, including presenting two rate designs. The first consisted of proposed rates if the Company's cap proposal is approved and the second being the full revenue recovery without a cap. Under the proposed cap, the annual base rate increase is approximately 17%, while under the prescribed recovery, the proposed increase is approximately 30%.[25]

[22] *Id.* at 12-15.
[23] *Id*. at 15.
[24] *Id.* at 21.
[25] Archie R. Hickerson, Pre-Filed Direct Testimony, p. 5 (April 20, 2021).

Mr. Hickerson provided the following table illustrating the different rates for residential customers under each scenario:[26]

Adoption of the $6.8 million cap:

	Current		Proposed	
	Winter	Summer	Winter	Summer
Customer Charge	$19.30	$15.90	$22.60	$18.70
Volumetric Rate/Therm	$ 0.13193		$ 0.15465	

Adoption of the revenue requirement without a cap:

	Current		Proposed	
	Winter	Summer	Winter	Summer
Customer Charge	$19.30	$15.90	$25.10	$20.70
Volumetric Rate/Therm	$ 0.13193		$ 0.17101	

Based upon the Company's projections, Mr. Hickerson estimated that the average residential customer will realize an annual increase of $52.52 or an average monthly increase of $4.38 if the proposed cap is approved. In addition, commercial customers served under the C-1 rate schedule would see an average increase of $8.92 in their monthly bills.[27] Mr. Hickerson attached to his testimony proposed tariff sheets for both the cap and non-cap options in Exhibits ARH-2 and 6. The Company did not propose a change to any of the miscellaneous charges.[28]

In addition, Mr. Hickerson proposed some changes to the Company's tariffs as provided in Exhibit ARH-9 to clarify, rather than affect, the operations of the Company. The Company highlighted the following changes:

- Changing the interest on customer deposits from 6% to be at a per annum rate equal to the prime bank lending rate as published in *The Wall Street Journal* for the last business day of the preceding calendar year;

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[26] *Id.* at 6.
[27] *Id.* at 7.
[28] *Id.* at 7-8.

- Adding language to incentivize transportation customers to comply with balancing orders;
- Adding specific language prohibiting anyone other than Company personnel to activate gas supply;
- Adding additional details on how a customers' demand volumes are determined; and
- Revising transportation tariffs to reflect daily balancing and curtailment provisions.[29]

Mr. Hickerson estimated the impact of the pandemic to be a $182,064 increase in base revenues. The Company did not propose an adjustment that would result in reducing base period earnings and increasing the deficiency for the Historic Base Period.[30]

On May 18, 2021, the Company withdrew the Special Terms and Conditions provisions of the T-1, T-2, and T-3 tariffs, indicating the Company believed the public interest issues with the tariffs would be better addressed in a separate filing.[31] The Company also notified the Commission on May 26, 2021, that CGC did not rely upon any class of service study in making its rate design proposal in this docket.[32]

<u>POSITION OF THE CONSUMER ADVOCATE</u>

On behalf of the Consumer Advocate, Mr. David N. Dittemore submitted pre-filed direct testimony recommending that the costs submitted by the Company be reduced by $277,635 for the Price Waterhouse Coopers ("PWC") study.[33] Mr. Dittemore asserted the purpose of the study was to assess the costs incurred by Southern Company Gas and AGSC on behalf of CGC, and it was not necessary, nor was it an independent study. Mr. Dittemore argued an independent study should involve all the stakeholders which the PWC study did not.[34] Mr. Dittemore noted the significant size of the proposed rate increase, even with the proposed cap in place.

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[29] *Id*. at 9-11.
[30] *Id.* at 16.
[31] Chattanooga Gas Company Notice of Withdrawal From Further Consideration in This Docket Certain Proposed T-1, T-2, and T-3 Tariff Changes (May 18, 2021).
[32] Letter to Chairman Hill Re: Schedule 35.8 (May 26, 2021).
[33] David N. Dittemore, Pre-Filed Direct Testimony, pp. 2-4 (June 25, 2021).
[34] *Id.* at 4.

Also on behalf of the Consumer Advocate, Mr. William H. Novak filed pre-filed direct testimony regarding the rate adjustment of $11,696,730 as calculated by CGC and corrected errors identified during discovery.[35] In addition, Mr. Novak proposed one adjustment along with the adjustment proposed by Mr. Dittemore. Mr. Novak asserted the Company has made a redundant weather normalization adjustment in this filing which should be removed.[36] Below is a table illustrating the revenue deficiency adjustment with Mr. Novak's recommendations:

Revenue Deficiency Adjustments	Revenue Deficiency Impact
Change in Customer Deposit Policy	$ 0
Change in Rate Schedule T-3 Billing Demand Policy	0
Removal of Redundant Weather Normalization	22,753
Removal of PWC Study	-401,117
Total Revenue Deficiency	$ -378,364

As a result of the adjustments/removals, the Consumer Advocate recommends that the Commission approve a Revenue Deficiency of $11,318,366.[37]

Mr. Novak did not oppose the use of a 1.4% depreciation rate, rather he recommended the Commission formally adopt the 1.4% depreciation rate used by the Company for Steel Transmission Mains. Additionally, he recommended the Commission reject CGC's proposed tariff change to eliminate paying interest on customer deposits held less than six months and the tariff change related to the determination of billing demand for low-volume transportation customers. Mr. Novak attested these proposed tariff changes are policy changes outside of the scope of this proceeding and should be considered in a separate proceeding where the merits of such changes can be adequately addressed.[38]

[35] William H. Novak, Pre-Filed Direct Testimony, pp. 7-8 (June 25, 2021).
[36] *Id*. at 16-17.
[37] *Id.* at 18-19.
[38] *Id.* at 12-13.

Mr. Novak testified the Consumer Advocate has no objections to the Company's proposal to limit the rate adjustment to $6.8 million with any residual deficiency being recovered in future ARM filings from 2022 through 2024. However, he pointed out customer rates will go up, and carrying charges would accrue and increase any future deficiency.[39] Mr. Novak recommended that any approved deficiency be recovered evenly across all customer classes, including special contracts, based upon the margin ratio of each class.[40] Mr. Novak indicated the Company's proposal to change all billing items such as customer charges, usage charges, billing demand charges, and capacity charges in order to achieve the appropriate tariff rates was reasonable, other than excluding special contracts.[41]

<u>THE PROPOSED SETTLEMENT AGREEMENT</u>

On July 14, 2021, the Company filed supplemental testimony with the Commission giving notice of a tentative settlement agreement between CGC and the Consumer Advocate.[42] On July 15, 2021, the Company and Consumer Advocate filed the *Settlement Agreement* which contained the following changes and corrections in the calculation of the needed rate adjustment:

	Revenue Deficiency
Petition	$ 11,783,474
Correction to Deferred Tax Expense	(6,370)
Correction to Pension, OPEB and OCI	(654)
Correction to EDIT protected	1,784
Removal of allocated charges	(661)
Changes in non-gas Revenues	(33,712)
Removal of legal expenses	(44,106)
Inclusion of omitted payroll taxes	(3,092)
Change in allocation factor for Incentive Compensation	2,384
Correction in plant balances	(2,316)
Removal of 50% of PWC study	(148,097)[43]

[39] *Id.* at 19-20.
[40] *Id.* at 21.
[41] *Id.*
[42] *Notice of Filing Supplemental Testimony in Support of Settlement and Stipulation Agreement* (July 14, 2021).
[43] Tucker Exhibit GT-1 (ARM Model (Updated 6-30-2021 per Settlement), Schedule 1(July 6, 2021).

Correction of error in the calculation of interest on customer deposits	(3,194)
Revised	**$ 11,545,439**[44]

The Settlement Agreement states agreement between the parties on the following:

1. <u>Revenue Deficiency</u>. The parties agree to CGC's calculation of the revenue deficiency and rate reset totaling $11,545,439 as reflected in Tucker Supplemental Exhibit GT-4. The parties also agree that $6.8 million will be recovered in rates according to the rate cap discussed below. This rate cap amount will be recovered via rate increases beginning September 1, 2020.

2. <u>Rate Cap Limitation</u>. The Company proposed and the parties agreed to a $6.8 million rate cap limit through the 2024 ARM filing; with any under-funding forwarded to the next ARM filing. This limit was based upon projected ARM filings through 2024 and was proposed because of the size of the revenue deficiency in the instant filing of $11,545,439. The Company avers any deficiency will smooth out and be recovered in future ARM filings. Further, by instituting a cap, customers recognize a smaller rate increase, thereby minimizing rate shock.

3. <u>Rate Design</u>. The agreement states that the parties agree to CGC's rate design as set forth in Mr. Hickerson's testimony. These revised rates can be found in CGC Hickerson Exhibit ARH-7 submitted on April 20, 2021, with revisions made in Supplemental Testimony submitted on July 14, 2021. The agreed-upon rate design increases rates based upon the $6.8 million cap on an equal percentage among customer classes (with some minor rounding differences), with customers receiving a base rate increase of approximately 17.28%, or about $4.38 per month for residential customers.[45] The following schedule compares existing CGC residential rates with proposed rates:

	Current		Proposed	
	Winter	Summer	Winter	Summer
Customer Monthly Charge	$19.40	$15.90	$22.60	$18.70
Volumetric Rate/Therm	$0.13203		$0.15465	

4. <u>Steel Transmission Mains Depreciation Rate</u>. The Company used a 1.4% depreciation rate for Account 367.10, Steel Transmission mains. The Consumer Advocate does not disagree with the use of this factor, and for purposes of the *Settlement Agreement* agrees to this rate and recommends its approval.

5. <u>Customer Deposits</u>. The Company proposes, and the parties are in agreement to changes in the tariff language stating interest on deposits shall accrue at a per annum rate equal to the prime bank

[44] $11,545,440 rounding error due to formulas.
[45] Based upon information contained in the record.

lending rate as published in *The Wall Street Journal* for the last business day of the preceding calendar year, compounded annually; and no interest will be paid on deposits held for less than six (6) months.

6. <u>T-3 Rate Schedule Changes</u>. The Company proposes, and the parties agreed, to incorporate changes to the Company's T-3 Rate Schedule; providing additional details on how demand volumes are determined for low-volume transportation customers.

7. <u>Special Contract Customers</u>. The Company proposed to exclude Special Contact Customers from the ARM rate increase and the parties have agreed this exclusion should be allowed.

8. <u>Weather Normalization Adjustment</u>. Based upon CGC's assertion, the WNA is incorporated into the ARM; and the parties agreed not to make the proposed $22,887 WNA adjustment as proposed by the Consumer Advocate.

On July 23, 2021, the Company responded to a Commission Staff data request to clarify that any unrecovered revenue will be included in the rate base in future ARM filings. Further, CGC stated that carrying charges will be calculated and included in ARM Schedule 29. Carrying charges would be calculated consistent with that of any earnings excess or deficiency.

<u>HEARING REGARDING THE PROPOSED SETTLEMENT</u>

The Hearing on the *Settlement Agreement* was held before the voting panel assigned to this docket on August 9, 2021, as noticed by the Commission on July 30, 2021. Participating in the Hearing were:

> <u>Chattanooga Gas Company</u> – Floyd R. Self, Esq., Berger Singerman, LLP, 313 North Monroe Street, Suite 301, Tallahassee, Florida, 32301; J.W. Luna, Esq., Butler Snow LLP, 150 3rd Ave. South, Suite 1600, Nashville, Tennessee 37201
>
> <u>Consumer Advocate Unit, Financial Division, Office of the Tennessee Attorney General</u> – Karen H. Stachowski Esq., Post Office Box 20207, Nashville, Tennessee 37202-4015

Mr. Gary Tucker provided testimony in support of the *Settlement Agreement*. The parties waived cross-examination. Members of the public were given an opportunity during the hearing to offer comments, but no one sought recognition to do so. As noticed, a hearing on the merits was to follow any rejection of the *Settlement Agreement*.

<u>Findings and Conclusions</u>

The *Petition* in this docket is the second ARM filing by CGC and represents a significant rate increase over and above the rate increases the Company has been granted in rate cases in the past. Given the size of the increase here, it is appropriate for the Company to have proposed a cap that would spread the burden of recovery over a period of years. Moreover, a cap may provide an additional incentive to control costs. Be that as it may, utilities should be cognizant of the impact of such increases on Tennessee households and businesses and the public interest requirements built into the Tennessee legislature's alternative rate regulation provisions.

The panel unanimously voted to approve the CGC's 2020 Annual Rate Review filing, including the agreed-upon provisions set forth in the Settlement Agreement submitted on July 15, 2021. Specifically, the panel approved a revenue deficiency of $11,545,439 and the rate reset set forth in the *Settlement Agreement*. Further, the panel approved the $6.8 million rate cap and associated rate design agreed to by the parties, as set forth in Mr. Hickerson's testimony and outlined in CGC Hickerson Revised Exhibit ARH-7 submitted in Supplemental Testimony on July 14, 2021. Moreover, the panel found the agreed-upon rate design recovering approximately $6.8 million and increasing rates by approximately 17% for all customer classes to be reasonable.

Finally, consistent with the parties' agreement, the panel found the following provisions to be reasonable and voted unanimously that they should be approved: (1) the inclusion of any unrecovered revenue in ARM Schedule 29; (2) the use of a 1.4% depreciation rate for Steel Transmission Mains; (3) the restriction of paying interest only on customer deposits held more than six months; (4) the applicability of the prime lending rate to customer deposits; (5) clarification changes made to the T-3 Rate Schedule for Low Volume Transport customers; and (6) exclusion of Special Contract customers from the rate increase.

IT IS THEREFORE ORDERED THAT:

1. The *Settlement Agreement* filed on July 15, 2021 by Chattanooga Gas Company and the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General is APPROVED.

2. The revenue deficiency of $11,545,439, subject to an annual rate cap of $6.8 million, shall be recovered in a rate design as reflected in Revised Exhibit ARH-7 in accordance with the *Settlement Agreement*.

3. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen days from the date of this Order.

4. Any person who is aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

Chairman Kenneth C. Hill,
Vice Chairman Herbert H. Hilliard,
Commissioner Robin L. Morrison,
Commissioner John Hie, and
Commissioner David F. Jones concurring.

None dissenting.

ATTEST:

Earl Taylor

Earl R. Taylor, Executive Director