

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
JOINT REQUEST OF CHATTANOOGA)	
GAS COMPANY AND KORDSA, INC.)	DOCKET NO. 21-00094
FOR APPROVAL OF SPECIAL)	
CONTRACT)	
)	

**MOTION TO GRANT INTERIM APPROVAL OF SPECIAL CONTRACT, SUBJECT
TO HEARING AND TRUE-UP**

Kordsa, Inc., the co-petitioner in the above-captioned proceeding, respectfully asks that the Tennessee Public Utility Commission approve on an interim basis – subject to a hearing at a later date and a rate true-up if necessary – the Special Contract between Kordsa and Chattanooga Gas Company (“CGC”).¹

This Petition was filed on August 24, 2021 and asks that the Commission approve a Special Contract between Kordsa and CGC. The purpose of the Special Contract is to keep Kordsa as a customer of CGC and dissuade Kordsa from building a pipeline connecting Kordsa’s Chattanooga plant to a nearby East Tennessee Natural Gas Company pipeline and bypassing the facilities of CGC.²

On September 27, 2021, the Commission Staff asked CGC to file a financial analysis demonstrating that the anticipated revenue from the Special Contract will cover CGC’s

¹ Counsel for Kordsa has discussed this motion with CGC and the Consumer Advocate Unit. CGC does not oppose the motion and states that it will urge Commission approval of the Special Contract. The Consumer Advocate states that it intends to oppose approval of the Special Contract and also opposes this motion.

² As the Commission is aware, Kordsa is located on the site formerly occupied by E.I. DuPont de Nemours. In 2000, the Commission approved a Special Contract between CGC and DuPont. (Docket No. 99-00908). That contract, which was later assigned to Kordsa, has expired and Kordsa is currently paying CGC’s tariffed rates.

incremental costs to serve Kordsa and also provide a contribution to common overhead. CGC provided the requested information on October 4, 2021. The Staff has not filed any further data requests.

The Consumer Advocate has submitted two rounds of informal discovery requests to CGC and three rounds to Kordsa. In response, Kordsa has shown that it has obtained the necessary easements from the City of Chattanooga, confirmed the availability of a tap from East Tennessee Natural Gas, hired a contractor and obtained management approval for the pipeline project. As also discussed during the discovery process, the Special Contract rates are less than CGC's tariffed rates but higher than the rates in the now-expired DuPont contract.³ More importantly, unlike the DuPont contract in which the customer's rates were fixed for the twenty-year duration of the agreement, the proposed Special Contract requires Kordsa to share a portion of all increases in CGC's tariffed rates during the term of the contract.⁴

Both Kordsa and CGC are prepared now for hearing this matter on the merits. The Consumer Advocate, however, states that it intends to oppose the Special Contract and is currently preparing testimony to file at a future date. Given that the Commission's next conference is scheduled for December 6 and no schedule has yet been set for the filing of testimony by the Consumer Advocate, the Commission will not be able to hear and decide this matter until January or February, 2022, and possible even later.

Kordsa has informed the parties that it is ready to begin construction of the bypass line, which can be completed in six months, if the Special Contract is not shortly approved by the

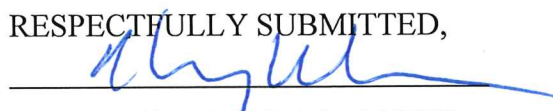
³ The specific terms of the Special Contract are protected by a proprietary order.

⁴ This provision was included as a result of the concerns expressed by the Consumer Advocate in Docket 18-00017 concerning the DuPont contract which froze DuPont's rates for twenty years despite increases to CGC's other customers. This Special Contract requires Kordsa to pay a share of all such increases. Counsel for Kordsa is not aware of any other special contract in Tennessee that includes such a provision.

Commission. In order to give the Consumer Advocate time to prepare for a hearing while allowing Kordsa to receive the benefit of the Special Contract rates, Kordsa asks that the Commission place this matter on its December 6, 2021 agenda and approve the Special Contract on an interim basis, subject to a hearing at a later date and a rate true-up if necessary.⁵ Because of the true-up provision, granting this motion for interim approval will not prejudice any party but will deter Kordsa from going forward with the bypass project at this time.

Therefore, Kordsa submits this motion asking that the Special Contract be placed on the Commission's next agenda for interim approval subject to the conditions described herein.

RESPECTFULLY SUBMITTED,



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⁵ In other circumstances, the Commission has implemented a rate "true-up" either by agreement of the affected parties or through perspective rate adjustments that do not violate the prohibition against retroactive ratemaking. See A.A.R.P. v. Tennessee Public Service Commission, 896 S.W. 2d 127 (Tenn. Ct. App. 1994).

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via either U.S. Mail, postage prepaid, or email to the following this 17th day of November, 2021:

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