

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

June 13, 2022

IN RE:)	
)	
CHATTANOOGA GAS COMPANY'S)	
PETITION FOR APPROVAL OF)	DOCKET NO. 22-00004
TARIFF AMENDMENTS TO ITS T-1,)	
T-2, AND T-3 TARIFFS)	
)	

**CHATTANOOGA GAS COMPANY'S
RESPONSES AND OBJECTIONS TO THE CONSUMER ADVOCATE'S
SECOND SET OF DISCOVERY REQUESTS**

Chattanooga Gas Company ("CGC" or "Company") files these Responses and Objections to the Second Round Discovery Requests of the Consumer Advocate Unit in the Financial Division of the Office of the Attorney General ("Consumer Advocate") filed May 23, 2022.

To assist the Hearing Officer in evaluating this matter, CGC is setting forth its objections and responses in two parts. Part I sets forth general objections applicable to CGC's discovery responses. Part II sets forth objections to specific discovery requests propounded by the Consumer Advocate.

I. GENERAL OBJECTIONS

CGC objects generally to any definitions or instructions to the extent that they are inconsistent with and request information that is beyond the scope of the Tennessee Rules of Civil Procedure. CGC's responses will comply with the requirements of the Tennessee of Rules of Civil Procedure.

Any requests for production of documents are interpreted to describe each item or category of items requested with reasonable particularity as required by Tenn. R. Civ. P. 34.02, and the

terms used in the requests are not interpreted “broadly.” CGC will produce items and/or data in its possession, custody or control as required by Tennessee Rules of Civil Procedure.

CGC further objects to these discovery requests to the extent they seek information that is beyond the scope of legitimate discovery in this case or that is subject to any privilege, including the attorney-client privilege and/or attorney work product doctrine. However, without waiving any of these General Objections, the Company will respond to the Consumer Advocate’s discovery requests by providing responsive, non-privileged information.

These General Objections are continuing and are incorporated by reference in CGC’s responses to all discovery requests to the extent applicable. The statement of the following additional objections to specific discovery requests shall not constitute a waiver of these General Objections.

Additionally, CGC objects to the scope of the terms “identity” and “identify” as used by the Consumer Advocate. In particular, CGC objects to providing the date of birth, the current residential address, and the current residential telephone number of persons to be identified on the grounds that the scope of information requested is overly broad and not calculated to lead to the discovery of admissible evidence. CGC further objects to the Consumer Advocate’s instructions to produce the “original” of “each copy” of each document requested on the grounds that the request is unduly burdensome and overly broad. CGC intends to provide copies of original documents as available.

Further, CGC is proceeding in the traditional course of providing information that it deems to be confidential pursuant to the terms of the TPUC’s Protective Order issued on April 27, 2022, by marking the information as confidential. CGC is acting in good faith reliance on the Consumer Advocate’s compliance with the Protective Order.

II. SPECIFIC RESPONSES AND OBJECTIONS

SECOND SET OF DISCOVERY REQUESTS

- 2-1.** Refer to the Company's Tariff T-1, Rate Schedule, Interruptible Transportation Service, "Availability," ¶ 2.¹ How does the Company define the term "hardship" within this portion of the tariff? Does the Company believe this section prohibits the billing of customer usage that is greater than its system injections during periods of high daily gas prices?

CGC RESPONSE:

The tariff provides:

The Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Public Utility Commission when such review is requested by Customer.

As used here, "hardship" means increasing the risk that firm reliable service cannot be provided to other customers because of an interruptible T-1 Customer's failure to discontinue service or otherwise curtail service when directed to do so by the Company or causing the cost to other customers to increase. This provision specifically prohibits a Customer served under this Rate Schedule from adversely affecting other classes of the Company's Customers, adversely affecting the Company's purchase plans, or adversely affecting the effective utilization of the daily demands under the Company's gas purchase contracts. This provision would prohibit an Interruptible Transportation customer from under-delivering gas to CGC on its behalf and requiring CGC to purchase more expensive gas as a result of the Customer's deficiency during periods of high daily gas prices. It appears that under such conditions, CGC could terminate service to the Customer served under Rate Schedule T-1.

¹ Chattanooga Gas Company, Gas Tariff, TPUC No. 1 at Eighth Revised Sheet No. 30 (Effective November 1, 2018) (available at www.chattanoogagas.com/content/dam/southern-co-gas/chattanooga-gas/rates/rates-and-tariffs/2022-rates-and-tariffs/may-2022/Revised%20Tariff%205-1-22.pdf).

- 2-2. Refer to the Company's Tariff T-1, Rate Schedule, Interruptible Transportation Service, "Balancing."² What provisions, if any, exist in the Company's Tariff to enforce the requirement to balance daily?

CGC RESPONSE:

See Tariff Sheet 30 D.

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment or daily balancing order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment or a daily balancing order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment or daily balancing order volumes shall be paid for by the Customer at the greater of the rate of (1.) \$15.00 per Dth or (2.) the average daily index on curtailment or daily balancing days plus \$5.00 per Dth. and all applicable pipeline and/or gas supplier penalties and/or charges that are the result of the Customer's failure to comply with a curtailment or daily balancing order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. If the Customer has gas delivered in excess of a daily balancing order volumes, all applicable pipeline and/or gas supplier penalties and/or charges that result from the Customer's failure to comply with the daily balancing order as directed by the Company shall be billed to the Customer.

- 2-3. Does the Company believe it is prohibited from requiring daily balancing during periods of significant gas price volatility under its existing tariff? Provide a comprehensive explanation of the Company's interpretation of the first sentence under the Balancing Section of the Company's T-1 Tariff.

CGC RESPONSE:

As currently worded, the Balancing Provision under Rate Schedule T-1 does not appear to give CGC the authority to require daily balancing because of significant gas volatility. The first sentence of the balancing provision: "The Company reserves the right to require daily balancing on any day in which the Company, in the exercise of its reasonable judgement

² *Id.* at Tenth Revised Sheet No. 30B, "Balancing" (Effective September 1, 2021).
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determines that such balancing is necessary for operational reasons.” Requiring daily balancing for price volatility would not be considered an operational reason.

- 2-4. Identify the dates and scope of any curtailments the Company executed pursuant to Sheet 52 of the Company’s Tariff in the calendar years 2020 and 2021.³ Further, identify the number of customers curtailed or whose volumes were limited that were served under rate schedule C-1 or C-2, respectively, within each of the dates identified above.

CGC RESPONSE:

See CA DR 2-4 CONFIDENTIAL Attachment A for the dates of curtailments and the list of customers curtailed. No customers served under Rate Schedules C-1 or C-2 were curtailed.

- 2-5. Does the Company contend services provided under rate Schedules C-1 and C-2 meet the definition of interruptible sales service customers as referenced in Sheet 52⁴ of the Company’s Tariff?

CGC RESPONSE:

No. The service provided under Rate Schedules C-1 and C-2 is firm sales services.

- 2-6. Refer to Sheet 52A of the Company’s Tariff.⁵ Explain why the examples cited in Mr. Hickerson’s testimony⁶ do not qualify for the Unauthorized Over-Run Penalty provisions of the Company’s tariff.

CGC RESPONSE:

As provided on Sheet 52 A:

If at any time a Customer exceeds specified contract entitlements or if, during any curtailment or Daily Balancing Period, any Affected Customer takes, without Company's advance written approval, a volume of natural gas in excess of the Curtailment Period or Daily Balancing Order Quantity

³ *Id.* at Sixth Revised Sheet No. 52.

⁴ *Id.*

⁵ *Id.* at Fifth Revised Sheet No. 52A.

⁶ *Direct Testimony of Archie R. Hickerson* at 7:16 – 8:11, TPUC Docket No. 22-00004 (January 14, 2022).

Entitlement applicable to such Customer, said volume shall constitute unauthorized over-run volume.

A Customer served under Rate Schedule T-1 does not have a specified contract entitlement or Balancing Order Quantity Entitlement. While it could be argued that when the Company issues a daily balancing order, the specified contract entitlement or Daily Balancing Order Quantity Entitlement is equal to the volume of gas that the Customer has delivered to CGC on the Customer's behalf, there is nothing in the tariff to specifically support that position. As a result, CGC has proposed to modify its tariff to more specifically address the issue with daily balancing.

- 2-7.** Refer to the Company's Rate Schedule C-2, "Availability," Demand Charge rate of \$8.40/Dth.⁷ Provide a comprehensive explanation as to whether any portion of these charges are to recover the Company's cost of upstream transportation costs for (i) Firm Service or (ii) Interruptible Service.

CGC RESPONSE:

The \$8.40 Demand Charge applicable to Rate Schedules C-2, F-1, T-2 and T-3 is a base rate charge and is not for the recovery of the Company's upstream transportation cost. There is a separate Demand PGA factor that recovers the fixed upstream transportation costs. See Tariff Sheet 53.

- 2-8.** Notwithstanding the published Demand Charge rate within the Company's C-2 Rate Schedule,⁸ is this customer class assigned any portion of interstate pipeline demand costs for firm service within the Company's Actual Cost Adjustment ("ACA") mechanism?

CGC RESPONSE:

Yes. There is a separate PGA Demand component that is applicable to the C-2, F-1, T-2, and T-3 Rate Schedules for the recovery of the interstate pipeline demand costs. See Tariff Sheet 53. While not specifically broken out, there is a demand component included in the R-1, R-4, and C-1 PGA factors for the recovery of interstate pipeline demand costs. The recovery of the interstate demand cost is tracked with any under-recovery or over-recovery of cost collected or refunded through the Actual Cost Adjustment (ACA).

⁷ Chattanooga Gas Company, Gas Tariff, TPUC No. 1 at Third Revised Sheet No. 11 (Effective September 1, 2021).

⁸ *Id.*

2-9. Refer to the Company's Response to CRMA DR No. 1-6.⁹ Were any penalties assessed to CGC by any of its interstate pipeline suppliers in years 2020 or 2021 that were not in turn charged to CGC's interruptible transportation or sales customers as set forth in this response? If so, provide the following:

- a. The annual amount of such penalties retained by CGC;
- b. How such penalties were accounted for by CGC; and
- c. Describe how any penalty in excess of \$10,000 was incurred by CGC, including a reference to the applicable interstate tariff provision under which such penalty was assessed.

CGC RESPONSE:

No penalties were assessed.

2-10. Regarding the Company's C-2 Rate Schedule.¹⁰ Respond to the following:

- a. Confirm that the balancing requirements for customers served under this tariff are the responsibility of CGC and not the individual customer. If this is not confirmed, explain how customers served under the C-2 Tariff retain the responsibility for daily balancing.
- b. Other than the availability of gas supply as referenced in the "Availability" section of the Company's Tariff, are there other impediments faced by customers currently served under its Tariff, Rate Schedules T-1, T-2 and T-3 that would limit their ability to move to the Company's C-2 rate schedule?
- c. Provide a comprehensive explanation of the impediments that may exist if CGC were to experience a significant shift of volumes from within its T-1, T-2 and T-3 Rate Schedules to its C-2 Rate Schedule in terms of its capability to supply gas.

CGC RESPONSE:

- a. It is confirmed that the balancing for customers served under Rate Schedule C-2 is the responsibility of CGC and not the individual customers. Rate Schedule C-2 customers do not transport their own gas, but purchase all of their gas requirements from CGC. Since Rate Schedule C-2 customers do not transport their own gas, they have no daily balancing requirement.

⁹ Chattanooga Gas Company's Responses and Objections to CRMA's First Discovery Requests, p. 4, DR 1-6, TPUC Docket No. 22-00004 (May 2, 2022).

¹⁰ *Id.*

- b. It should be noted that customers served under Rate Schedules T-2 and T-3 have firm sales backup service currently. It should have no impact on the Company if these customers were to elect service under Rate Schedule C-2. A comprehensive review of the system design and possible operating conditions for pressure considerations would be required to determine if the system could make physical delivery if all of the customers currently being served under interruptible Rate Schedules were to opt for firm service.
- c. It should be noted that customers served under Rate Schedules T-2 and T-3 have firm sales backup service currently and a significant shift of these Rate Schedules to C-2 should not have as significant impact on the Company. However, if customers receiving interruptible service under Rate Schedule T-1 were to elect service under Rate Schedule C-2 or elect service under Rate Schedule F-1, CGC would have to analyze its current capacity resource portfolio to determine if additional assets were needed for firm sales service to be provided to the requesting customers. If it were to be determined that additional pipeline transportation and storage assets were required, CGC would need to first determine if such additional assets were available to CGC under satisfactory terms and conditions, before determining if all the customers requesting firm sales service could be accommodated. In addition to determining if adequate gas supply can be arranged over a meaningful period of time, a comprehensive review of the system design and possible operating conditions for pressure considerations would be required to determine if the system could make physical delivery if all of the customers currently being served under interruptible Rate Schedules were to opt for firm service.

RESPECTFULLY SUBMITTED this 13th day of June, 2022,



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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Responses and Objections to the Consumer Advocate's Second Discovery Requests were forwarded via electronic mail on Monday, June 13, 2022, to the following:

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