BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

June 15, 2022

Chattanooga Gas Company	)	
Petition for Approval of Tariff	)	Docket No. 22-00004
Amendments to T-1, T-2, and T-3	)	

CHATTANOOGA GAS COMPANY'S RESPONSES AND OBJECTIONS TO CRMA'S SECOND DISCOVERY REQUESTS

Chattanooga Gas Company ("CGC" or "Company") files these Responses and Objections to the Second Round Discovery Requests of Chattanooga Regional Manufacturers Association ("CRMA") 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 CRMA.

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. 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 CRMA'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.

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 CRMA's compliance with the Protective Order.

II. SPECIFIC RESPONSES AND OBJECTIONS

2-1. Regarding the response to Set I-1, "Define "Industrial Metered." Are there any customers of Chattanooga Gas that do not have a meter? Do the Industrial metered volumes reflect interruptible sales volumes?

CGC RESPONSE:

Industrial Metered means gas delivered to Industrial Customers. There is one unmetered gas light customer served under Rate Schedule 1. Interruptible sales would be included in Industrial metered volumes.

2-2. Please confirm that the peak day during the winter season of the February Extreme Weather Event of 2021 was February 16, 2021 and that the peak system throughput was the sum of firm sales, industrial metered volumes, and nominated gas, totally 126,995. If not, please explain and provide correct data. If yes, does that represent pipeline capacity the Company is required to plan for?

CGC RESPONSE:

CGC does not confirm. Throughput is measured by summing metered customer usage, not gas supply nominations. As shown on the response to CRMA DR 1-5 Attachment A, the throughput on February 16, 2021 was 117,693~~.~~ (Firm Sales Non Industrial 90,006 + Industrial Metered 27,687).

2-3. Regarding the response to Set I-5, is the LNG deliverability on a peak day 90,400 Dth? If not, please explain.

CGC RESPONSE:

The LNG facility is designed with redundant vaporizers to ensure reliable operations when needed and is not intended to operate with both vaporizers at the same time. If both vaporizers are operating simultaneously, the maximum daily deliverability is 90,400 Dths. The two vaporizers have a maximum output of 120,000 Dths, but due to system constraints, only 90,400 Dths can be supplied to customers.

2-4. Regarding data provided in Set I-3, does the capacity the Company holds to satisfy the peak sum of ETNG 89,350 Dth/Day + SNG 27,567 + LNG 90,400 = 207,317 Dth/day. If not, please explain and provide correct data.

CGC RESPONSE:

Yes, with the qualification regarding LNG deliverability discussed in the response to CRMA DR 2-3.

2-5. As a follow up to Set I-31 (attachment A), explain the source of cost (column E), explain the allocation percentages in column G. Explain why off system sales ceased in September 2018. Explain what portion of the sales revenue or other fees retained by asset manager.

CGC RESPONSE:

The cost in Column E of Attachment A to CRMA DR 1-31 is the cost of natural gas purchased for off-system sale of LNG and includes the cost of gas used to operate the compressors during the liquefaction process. The gain from off system sales allocated to the Customers is credited through the application of credit factor included in the PGA. The percentages in column G, is the percentage that was allocated to Rate Schedules R-1, R-4, and C-1 through the application of this credit factor.

The CGC affiliate, Pivotal LNG, acting as CGC's agent, handled the off-system sales of LNG. When Southern Company Gas sold the Pivotal LNG business, CGC ceased the off-system sales activities. CGC's gas supply staff is appropriately focused on the safe, reliable, and economical sourcing of natural gas to meet firm customer demand. Off system sales activities are secondary to the company's primary function. The asset manager was not involved in the off-system sales of LNG and did not retain any of the sales revenue.

2-6. Please provide all documentation in the Company's possession (including its affiliates) discussing the viability of marketing LNG output off-system.

CGC RESPONSE:

CGC does not have documentation discussing the viability of marketing LNG output off-system.

2-7. Confirm that the T-2/3 customers currently are allocated costs of firm capacity and explain the allocation mechanism.

CGC RESPONSE:

Customers served under Rate Schedules T-2 and T-3 are allocated the cost of firm (Demand) interstate pipeline cost based on the ratio of the total of the T-2 and T-3 billing demand to the total design day deliverability.

2-8. Regarding the Asset Manager, provide historic annual payments for 2011-2021, including any portion of sales revenues retained, to the Asset Manager. Identify components of the annual payment and how they were determined.

CGC RESPONSE:

Under the Asset Management Agreements approved by the Commission, the Asset Manager pays CGC a flat annual fee to optimize the assets covered by the agreement. In exchange, the Asset Manager retains the gain from transactions that utilize the covered assets. CGC also has supply assets that are not covered by the Agreement that CGC may allow the Asset Manager to optimize under appropriate conditions. The gain from transactions that utilize these non-covered assets has been shared 50%/50% by the Asset Manager and CGC's customers. The attached CRMA DR 2-8 CONFIDENTIAL Attachment reflects the annual payments for the 12 months ended March 31 of each year 2011-2022. Note that the annual payments are confidential in accordance with Protective Orders in Dockets 10-00049, 14-00137, and 17-00137.

2-9. Follow up on Set I-17, please add data to include the total number of customers and throughput data for each of the three classifications at the beginning and end of each annual period.

CGC RESPONSE:

Rate Schedule	2019	2020	2021	2022	2023
R-1					
Annual Billing Units	698,621	710,537	718,876	722,618	730,913
Customer Additions	989	906	1,053	947	955
Annual Therms	34,335,748	33,085,170	36,874,641	37,475,480	37,899,480
C-1					
Annual Billing Units	78,428	78,587	78,844	78,086	77,806
Customer Additions	116	102	92	99	99
Annual Therms	6,738,580	5,713,774	6,645,757	7,185,737	7,158,020
C-2					
Annual Billing Units	23,378	23,647	23,553	24,394	24,898
Customer Additions	28	20	19	22	22
Annual Therms	26,757,821	24,514,526	26,972,212	29,825,097	30,441,721
*Annual Therms do not Include Unbilled					
*C-1 Includes C1AC					

2-10. Follow up on Set I-19, during the 2019-2021 calendar years, if the T-1 and I-1 customers daily deliveries were added to the Company's daily deliveries, is that less than the amount of capacity the Company has?

CGC RESPONSE:

Subject to any objections it may offer, CGC is continuing to assess whether and to what extent it may be able to compile some or all of this information in a timely manner.

2-11. Please provide a 12-month (May 1, 2021 – April 30, 2022) history of PGA costs for the F-1 and C-2 rate classes.

CGC RESPONSE:

Month	Rate Schedule F-1 Demand PGA/Dth	Rate Schedule F-1 Commodity PGA/Dth	Rate Schedule C-2 Demand PGA/Dth	Rate Schedule C-2 Commodity PGA/Therm
May 2021	$9.5510	$2.4812	$9.5510	$0.24812
June 2021	$9.5510	$2.7727	$9.5510	$0.27727
July 2021	$9.5267	$2.7727	$9.5267	$0.27727
Aug 2021	$9.5267	$3.2252	$9.5267	$0.32252
Sept 2021	$9.3714	$3.4852	$9.3714	$0.34852
Oct 2021	$8.9791	$3.9672	$8.9791	$0.39672
Nov 2021	$8.2910	$4.9288	$8.2910	$0.49288
Dec 2021	$8.2910	$4.9288	$8.2910	$0.49288
Jan 2022	$8.2910	$4.9288	$8.2910	$0.49288
Feb 2022	$9.1906	$4.1209	$9.1906	$0.41209
Mar 2022	$9.1906	$4.1209	$9.1906	$0.41209
April 2022	$9.1906	$5.1827	$9.1906	$0.51827

2-12. Please provide a 12-month (May 1, 2021 – April 30, 2022) history total sales/thru-put volumes the following rate classes, F-1, T-2, C-2 and T-3.

CGC RESPONSE:

Month	F-1 Dths	T-2 Dths	C-2 Dths	T-3 Dths
May 2021	91,842.3	165,114.9	160,898.2	31,497.7
June 2021	111,222.7	124,279.2	132,620.1	29,098.7
July 2021	111,994.4	125,711.7	114,082.7	26,657.1
Aug 2021	109,719.2	134,894.0	117,597.4	28,760.3
Sept 2021	125,434.9	118,599.1	114,644.8	29,433.0
Oct 2021	82,393.1	169,926.9	129,239.6	36,903.6
Nov 2021	142,799.8	149,627.3	205,196.9	52,418.8
Dec 2021	44,703.8	221,979.8	312,363.0	49,863.7
Jan 2022	280,605.3	103,079.5	347,743.3	25,097.3
Feb 2022	135,036.5	160,887.6	463,066.9	52,652.7
Mar 2022	143,043.7	144,556.8	370,585.0	48,388.2
April 2022	157,339.6	134,430.3	214,707.7	38,597.0

2-13. Please provide details on the process that CGC uses to confirm monthly natural gas "purchase volumes" each month with the Asset Manager. "Purchase Volumes" mean gas volumes to be purchases of first-of-month indexes, gas to be injected/withdrawn from storage and daily gas volumes.

CGC RESPONSE:

The Asset Manager's invoice for the prior month's activity is received approximately the 15th day of the following month. Accompanying the invoice is a detailed volumetric reconciliation that ties metered deliveries against what was billed CGC by FOM/GDD/pricing point. The pipeline fuel rates on the volumetric reconciliation are confirmed from each pipeline's current tariff. Both the volumes and prices billed are confirmed.

2-14. For the winter months of November - March 2021, and November - March 2022, provide a daily itemized list of the following:

a) CGC total metered volume for each day;

b) Deliveries by pipeline for each day; and

c) For each delivery, please provide whether or not this gas was purchased at monthly index, storage withdrawal, or gas daily.

CGC RESPONSE:

a) See CRMA DR 2-14 Attachment A-CGC Metered Volumes.

b) & c) See, CRMA DR 2-14 Attachment A-Gas Deliveries, monthly index purchase, storage withdrawals, and gas daily purchases by day November 2020-March 2021. Also see, See CRMA DR 2-14 Attachment B-Gas Deliveries, monthly index purchase, storage withdrawals, and gas daily purchases by day November 2021-March 2020.

2-15. For the winter months of November - March 2021, and November - March 2022, when there was a balancing order issued by CGC, and the full firm transportation pipeline entitlements were not fully utilized by CGC firm sales customers, please provide an explanation of why CGC did not offer incremental gas to CGC T-1 customers.

CGC RESPONSE:

The Company determines if it will offer incremental gas to transport customers after evaluating several factors including but not limited to the time of the year or date within the winter period, the current LNG inventory, and if the Company forecasts it will vaporize LNG to serve the firm customers. The Company cannot purchase gas to fill its transportation contracts beyond its firm demand requirements on a speculative basis to serve potential requests for incremental gas by transport customers.

2-16. For the winter months of November- March 2021, and November - March 2022, when there was a balancing order issued by CGC, and CGC's LNG plant was utilized by CGC, please provide an explanation on why CGC did not offer incremental gas to CGC T-1 customers.

CGC RESPONSE:

CGC objects to this request as overly broad and unduly burdensome, seeking privileged and/or confidential information, and not reasonably calculated to lead to the discovery of admissible evidence. The purpose of this docket is to establish a penalty for those T-1, T-2, and T-3 customers who fail to nominate gas deliveries on a daily basis or who may materially under- or over-schedule and not maintain daily balances, and by whose actions, inappropriately shift costs from the transportation customers to the sales customers. This docket is not about CGC's actions in granting or denying requests for incremental gas. Moreover, CGC objects to this request to the extent it is seeking a specific explanation for each and every time CGC may have denied a request for incremental gas. Subject to and without waiving the foregoing objections, CGC states as follows: The Company determines if it will offer incremental gas to transport customers after evaluating several factors including but not limited to the time of the year or date within the winter period, and the current LNG inventory. The LNG inventory is appropriately maintained for providing safe, reliable, and economic service to CGC's firm customers during periods of peak demand and is not intended to be a resource for generating off system or incremental sales revenue. The decision to not offer incremental gas when the LNG plant was being utilized when a balancing order was in effect was made based on the facts and conditions that existed at the time.

2-17. For the winter months of November - March 2021, and November - March 2022, when there was a balancing order issued by CGC, and CGC's LNG plant was utilized for peaking, were there any days when the manager of the LNG plant did not nominate the full firm transportation entitlements of CGC? Please provide explanation for the manager's decision.

CGC RESPONSE:

Yes, for the winter months of November - March 2021, and November - March 2022 there were instances where the Company utilized its LNG plant and did not nominate its full firm transportation entitlements. This occurred for several reasons including but not limited to economic reasons where the market price for gas was exorbitant as it was in February 2021, the actual system demand was higher than the forecasted demand at the time the Company purchased gas to fill its transportation contracts, the in-the-day hourly demand required the Company to use LNG to maintain system pressures and the gas scheduled by transportation customers fluctuated during the three intraday scheduling cycles. The Company must utilize its assets based on the in-the-day hourly system demand and the gas it has scheduled to its citygate after each scheduling cycle.

2-18. For the winter months of November - March 2021, and November - March 2022, when there was a balancing order issued by CGC, and the LNG plant was utilized for peaking, provide a proforma model on the end of winter LNG inventory if CGC had provided incremental sales to T-1 customers each day that the LNG was operational.

CGC RESPONSE:

CGC objects to this request as overly burdensome, highly speculative, and of no hypothetical value if it could even be performed. This request requires the use of information that is not available to CGC and for an analysis that CGC does not perform in the normal course of business and which CGC does not otherwise presently possess. Since CGC does not know the amount of incremental sales that may have occurred if incremental sales had been offered to T-1 customers each day that the LNG facility was being used to meet the demand of firm customers, the requested analysis cannot be performed.

2-19. Regarding the recent Exeter Report, please provide any provisions that CGC has made in the current AMA agreement that would allow for CGC to make off system sales using the LNG plant for displacement. Please provide an explanation on whether or not this type of transaction would take precedence over offering incremental sales to CGC T-1 customers.

CGC RESPONSE:

The Asset Management Agreement does not provide for or otherwise address making off-system sales using the LNG plant for displacement. The LNG inventory is appropriately maintained for providing safe, reliable, and economic service to CGC's firm customers during periods of peak demand and is not intended to be a resource for generating off system or incremental sales revenue.

2-20. Please provide a spreadsheet showing how much LNG gas was sold off system each month from November 1, 2017 to current.

CGC RESPONSE:

CRMA DR 2-20 Attachment A is the spreadsheet showing the volume LNG sold off-system for each month November 2017-May 2022.

2-21. Describe the methodology the Company uses to forecast annual consumption and peak day.

CGC RESPONSE:

CGC objects to this request as overly broad and unduly burdensome, seeking privileged and/or confidential information, and not reasonably calculated to lead to the discovery of admissible evidence. The purpose of this docket is to establish a penalty for those T-1, T-2, and T-3 customers who fail to nominate gas deliveries on a daily basis or who may materially under- or over-schedule and not maintain daily balances, and by whose actions, inappropriately shift costs from the transportation customers to the sales customers. This docket is not about CGC's gas forecasts, but the actions certain customers take to the detriment of other customers. Subject to and without waiving the foregoing objections, CGC states as follows: The Company utilizes a linear regression model to analyze historical daily data for the purposes of understanding the relationship between weather and customer usage. A Use per Customer (UPC) is calculated by dividing the daily use by the monthly customer count for residential and schedule 2 customers. The UPC is recognized as the dependent variable in the regression. The independent variables include data such as temperature, wind speed, and weekday/holiday flags. The regression results are used to generate a forecasted UPC using a 30-year average weather pattern. Using a customer forecast with the results produces a load forecast that is based on the average usage of the existing customer base. For the design day, or peak day, it is assumed for planning purposes that the Company will need to be prepared to serve the firm load portion of the industrial customers who have elected firm back-up service. On the design day only, their load is added to the daily load to produce a total design day forecast need. The annual consumption is calculated by summing the daily load forecast for the calendar year.

2-22. Provide the forecasting spreadsheet in excel format.

CGC RESPONSE:

CGC objects to this request as overly broad and unduly burdensome, seeking privileged proprietary and confidential information, and not reasonably calculated to lead to the discovery of admissible evidence. The purpose of this docket is to establish a penalty for those T-1, T-2, and T-3 customers who fail to nominate gas deliveries on a daily basis or who may materially under- or over-schedule and not maintain daily balances, and by whose actions, inappropriately shift costs from the transportation customers to the sales customers. This docket is not about CGC's gas forecasts, but the actions certain customers take to the detriment of other customers. While subject to objection CGC may be willing to provide a generic narrative of its methodology, as it did in the Response to CRMA DR 2-21, this particular Requests seeks the actual formulas CGC may utilize, which are protected, proprietary information that is completely irrelevant to the issues in this docket and which will not reasonably lead to the discovery or admissible evidence. CGC's actions are not at issue, but customers who game the system to the detriment of CGC's other customers.

2-23. Provide the forecast of annual volume and peak day for the period 2022 through 2032.

CGC RESPONSE:

CGC objects to this request as overly broad and unduly burdensome, seeking privileged and/or confidential information, and not reasonably calculated to lead to the discovery of admissible evidence. The purpose of this docket is to establish a penalty for those T-1, T-2, and T-3 customers who fail to nominate gas deliveries on a daily basis or who may materially under- or over-schedule and not maintain daily balances, and by whose actions, inappropriately shift costs from the transportation customers to the sales customers. This docket is not about CGC's gas forecasts, but the actions certain customers take to the detriment of other customers. Subject to and without waiving the foregoing objections, CGC states as follows: The Company does not have a forecast that goes beyond 2026. Provided in the attachment identified as CRMA DR 2-23 CONFIDENTIAL Attachment is a table with a forecast for the 2022-2026 period. CGC creates a daily forecast for non-transport customers. In the forecast, an assumption is made that the transportation customers that elect firm back-up service only need sales gas from the company on the design day. Therefore, the load on non-design days excludes all potential sales of gas purchases from the company by transport customers.

2-24. Provide the historic forecast of annual consumption and peak day submitted in prior years for the year immediately following the specific filing. Please provide data for the period 2011 through 2021.

CGC RESPONSE:

CGC objects to this request as overly broad and unduly burdensome, seeking privileged and/or confidential information, and not reasonably calculated to lead to the discovery of admissible evidence. The purpose of this docket is to establish a penalty for those T-1, T-2, and T-3 customers who fail to nominate gas deliveries on a daily basis or who may materially under- or over-schedule and not maintain daily balances, and by whose actions, inappropriately shift costs from the transportation customers to the sales customers. This docket is not about CGC's gas forecasts, but the actions certain customers take to the detriment of other customers. Subject to and without waiving the foregoing objections, CGC states as follows: See CRMA DR 2-24 CONFIDENTIAL Attachment. Please note that the Annual Total and Peak Day load represents all load from all customer classes.

2-25. Provide the actual annual consumption and peak day for the period 2011 through 2021.

CGC RESPONSE:

Subject to any objections it may offer, CGC is continuing to assess whether and to what extent it may be able to compile some or all of this information in a timely manner.

2-26. Provide customer count data, historic and projected and by customer class from 2011 to 2032.

CGC RESPONSE:

See CRMA DR 2-26 CONFIDENTIAL Attachment A for the historic customer count from 2011 to May 2022 and the projected customer count June 2022-December 2027. CGC has not projected the customer count beyond December 2027.

RESPECTFULLY SUBMITTED this 15th 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 CRMA's Second Discovery Requests were forwarded via electronic mail on Tuesday, June 14, 2022, to the following:

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