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Bradley

August 2, 2022

Tennessee Public Utility Commission
Monica Smith – Ashford, Hearing Officer
c/o Ectory Lawless
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Electronically Filed in TPUC Docket
Room on August 2, 2022 at 3:52 p.m.

Re: Docket 22–00004

Dear Monica,

On behalf of the Chattanooga Regional Manufacturers Association ("CRMA"), I have attached for filing in the above-captioned docket (1) Supplemental Direct Testimony of James Crist, (2) Direct Testimony of Mr. Chance Donahue and (3) CRMA's Supplemental Response to the Motion to Strike or Transfer filed by Chattanooga Gas Company in Docket 22-00032.[1]

Sincerely,

BRADLEY ARANT BOULT CUMMINGS, LLP

By: ______________________
Henry Walker

cc: All parties

HW/mf
Enclosures

[1] CRMA's Supplemental Response to the Motion to Strike or Transfer is being filed in this docket so that there will be a complete record in Docket 22-00004 of the parties' positions on the incremental gas issue and a record of the parties agreement to transfer the incremental gas issue from Docket 22-00032 to Docket 22-00004.

Supplemental Direct Testimony of James Crist

BEFORE THE

TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:	)	
CHATTANOOGA GAS COMPANY	)	**Docket No. 22-00004**
PETITION FOR APPROVAL OF ITS	)	
2021 ANNUAL RATE REVIEW	)	
FILING PURSUANT TO	)	
TENN. CODE ANN. § 65-5-103(d)(6)	)	

SUPPLEMENTAL DIRECT TESTIMONY OF JAMES L. CRIST, P.E.

ON BEHALF OF

THE CHATTANOOGA REGIONAL MANUFACTURERS ASSOCIATION

Dated: August 2, 2022

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS, AND ON WHOSE BEHALF YOU ARE TESTIFYING.

A. I am James L. Crist, President of Lumen Group, Inc., a consulting firm focused on regulatory and market issues. My business address is 4226 Yarmouth Drive, Suite 101, Allison Park, Pennsylvania 15101. I am presenting testimony on behalf of Chattanooga Regional Manufacturers Association's ("CRMA").

Q. DO YOU HAVE ANY QUALIFICATIONS OR OTHER SPECIALIZED KNOWLEDGE THAT WOULD ASSIST THE TENNESSEE PUBLIC UTILITY COMMISSION ("COMMISSION") IN ITS DELIBERATIONS IN THIS CASE?

A. Yes. I have a B.S. in Chemical Engineering from Carnegie Mellon University and an M.B.A. from the University of Pittsburgh. Additionally, I am a Registered Professional Engineer in the Commonwealth of Pennsylvania.I have attached a copy of my CV and Regulatory Experience as Exhibits JC1.1 and JC1.2 respectively.

Q. BRIEFLY DESCRIBE YOUR RELEVANT BUSINESS QUALIFICATIONS.

A. I have run a consulting practice for the past 26 years focused on regulated and deregulated energy company strategy, market strategy, and regulatory issues. During 2004 and 2005, I undertook a consulting assignment as the Vice President of Consumer Markets for ACN Energy. ACN is a gas and electric marketer that is active in eight states. Prior to my consulting practice, I worked at three major energy companies for a total of 19 years. Most recently I was Vice President of Marketing for Equitable Resources. In that function I was responsible for the development of the company's deregulated business strategy.

Prior to that I was Vice President of Marketing for Citizens Utilities, responsible for gas, electric, water and wastewater marketing activities in several service territories within the United States. The gas and electric utility operations were in Vermont, Louisiana, Arizona, Colorado, and Hawaii. Under my direction, Citizens initiated commercial and industrial transportation and supply services at its gas operation in Arizona. I also directed significant gas supply contracting activities with large industrial and commercial customers in Citizens' gas operation in Louisiana.

Before that, during 1988 through 1994, I was the Marketing Director at the Peoples Natural Gas Company where I was actively involved in many gas transportation programs as the company relaxed transportation requirements so that customers would have supply choices.

In summary, I have considerable experience in several states involving residential, commercial, and industrial customer energy procurement, regulatory issues and industry restructuring programs.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION?

A. Yes, in Docket 22-00032. I have also provided testimony on a variety of issues relating to energy procurement, industry restructuring, demand response and customer choice before regulatory Commissions in Arizona, Illinois, Kentucky, Maryland, New Mexico, Ohio, Pennsylvania, Wyoming and the U.S. Virgin Islands.

I. ISSUES

Q. PLEASE EXPLAIN THE ISSUES YOU WILL DISCUSS IN THIS SUPPLEMENTAL TESTIMONY?

A. This testimony addresses my concerns over the availability of incremental gas and the Company's management of its capacity and LNG facilities. This testimony was originally filed in Docket 22-00032. By agreement of the parties, in both dockets, the incremental gas issue has been moved from Docket 22-00032 to Docket 22-0004. Therefore, this testimony is now being moved to Docket 22-00004 to supplement my earlier testimony filed on July 11, 2022.

II. PEAK DAY CAPACITY ASSETS

Q. WHAT PIPELINES DELIVER GAS TO THE COMPANY'S DISTRIBUTION SYSTEM?

A. CGC has contracted for firm transportation and storage services from three interstate pipelines: East Tennessee Natural Gas (ETNG), Tennessee Gas Pipeline (TGP), and Southern Natural Gas Company (SONAT). Of these three interstate pipelines, CGC is interconnected to two: ETNG and SONAT.

Q. WHAT CAPACITY DOES THE COMPANY HOLD?

A. The table below illustrates capacity held prior to, and after January 2022. The Company now holds 116,917 Dth/day of peak capacity. This is in excess of what the Company has experienced, and has predicted what will be experienced in the future year for its peak day needs. Pipeline capacity in excess of the amount needed for firm system deliveries should be offered to customers (presumably industrial interruptible customer) prior to attempting to sell capacity off-system. Such capacity may be offered on a recallable basis, meaning that if the receiving party does not meet the operational requirements for actually using the released capacity to obtain gas and adhere to gas, the Company may recall the capacity.

TABLE CGC Pipeline Capacity	Thru Jan 2021		New Capacity	
	13000	East Tenn	13000	East Tenn
	28350	East Tenn	28350	East Tenn
	23000	OPC capacity	48000	OPC capacity
	13221	Sonat	13221	Sonat
	14346	Sonat	14346	Sonat
Total	**91,917.0**		**116,917.0**	

Q. WHAT ADDITIONAL ASSETS DOES THE COMPANY HAVE TO MEET ITS DESIGN DAY PEAK?

A. In addition to the pipeline capacity cited, the Company operates an LNG facility. The capital costs for construction, and the annual operating costs are recovered in the Company's delivery rates that apply to all classes, residential, commercial, and industrial, and levels of service, firm and interruptible. I will explain the discriminatory operational practices of the Company regarding the use of the LNG facility that disadvantages the commercial and industrial interruptible customers.

Q. HOW HAS THE COMPANY MANAGED ITS LNG ASSETS IN THE PAST?

A. Historically, and through 2018, the Company's affiliate Pivotal, would profit by selling LNG off system. After August 2018 this behavior ceased, and the Company sold no LNG off system or on system. It did use a minor amount of LNG during cold periods but never exhausted its total LNG volumes.

Q. WHAT IS THE RECENT HISTORY OF PEAK DAY USAGE?

A. Prior to the acquisition of the additional Oglethorpe capacity of 25,000 Dth/day the Company had 92,000 Dth/day firm pipeline capacity, and now holds approximately 117, 000 Dth/day. During the relatively cold January 2021, CGC actually used 129,000 mcf of LNG to supplement gas it flowed on the interstate pipeline. The reason it needed to use LNG was because the asset manager, Sequent Energy Services ("Sequent"), was diverting some of CGC's capacity for sale off-system. The created revenues for Sequent and CGC and under the sharing mechanism in effect at that time, Sequent retained 50% of those revenues. In the Company's response to data request II-25 in Docket 22-0004, included as Exhibit JC1.3, provides the actual peaks for each year from 2011 to 2021. These peak data include 10,000 Dth/day which represents the interruptible load delivered by third parties, it is clear that with the current capacity of 117,000 Dth/day the Company will almost never have need to use LNG to meet peak day demands.

	Annual Total (Dth)	Peak Day (Dth)
2011	15,201,302	111,569
2012	13,646,626	103,146
2013	16,000,945	92,985
2014	16,153,670	134,821
2015	14,542,754	126,499
2016	14,503,249	115,823
2017	13,494,686	108,038
2018	15,464,175	129,424
2019	14,911,931	108,713
2020	14,556,350	110,983
2021	15,161,639	118,020

Q. WHAT IS "INCREMENTAL GAS"?

A. Incremental gas is "gas supply that is over and above the amount needed for design day and reserve margin requirements." (Santolin Rebuttal at 4, Docket 18-00017). LNG gas is incremental gas.

Q. WHAT CUSTOMER GROUPS ARE ALLOCATED COSTS OF THE PEAK DELIVERY ASSETS?

A. The capital cost and operating costs of the LNG facility were and continue to be borne by all customer classes, and both firm and interruptible customers. This means that all customers have an equal right to benefit from the LNG facility. Since I have established that the Company does not require the LNG facility to satisfy its peak demand requirements, then the LNG facility including the LNG stored in the facility should be available to customers upon request. Unfortunately, the Company has not provided such access to LNG to customers, and this behavior of the Company has resulted in customers paying exceptionally high amounts for gas during cold periods when flow orders are issued. Such behavior by the Company must be ordered to end.

Q. WHAT CUSTOMER EXAMPLE ARE YOUR FAMILIAR WITH?

A. I reviewed the direct testimony of Chance Donahue of Kordsa and am familiar with the actual event in January 2022, when the Company issued flow orders on 25 of 31 days. Kordsa requested incremental gas, yet the Company offered no incremental gas on any of the days requested. The Company's behavior cost the customer $350,000 during January alone. The Company has not limited the unavailability of LNG solely to January 2022. In fact, it has not provided access to LNG since January 2019, and then only offered LNG on two days out of 31. It is clear than the Company is abusing its possession of the LNG asset. This must be changed.

Q. WHAT DID THE EXETER REPORT RECOMMEND REGARDING THE PEAK DAY ASSETS?

A. The Exeter report mapped out the logic trail that explains how the Company's affiliate profits by not allowing customers to access LNG. It explained several items:

- Sequent, an affiliate asset manager has managed CGC's assets for 20 years. Requests for proposals from asset managers favor selection of Sequent. Exeter findings include that there has been a historical bias in awarding the AMA to the affiliate because Sequent had experience and more data to make manage these assets over a non-affiliate. Exeter recommended changes to address this bias.
- Revenues from off system sales of LNG and capacity release are shared with Sequent\ retaining 50% of the profits and the Chattanooga Gas Company receiving 50%. CGC's share is applied to it system gas costs.
- Pivotal, another affiliate, sells off system LNG to parties and shares 50% with ratepayers and Company.
- Exeter evaluated CGC purchases from Sequent for all gas commodities on various pipelines and found CGS's purchases prudent.
- The 50% refund going back to Firm Transportation customers is credited back to the PGA demand component which benefits firm transportation customers by reducing the reservation charge.
- Company's incentive to earn a 50% share of off system sales would be a negative incentive for them to assign assets.
- Company has excessive assets to handle peak day.
- Exeter wants them to consider selling more displacement out of the LNG, I agree with this only after the needs of system customers are satisfied, for reasons I will explain.

Q. WHY SHOULD THE COMPANY NOT SELL INCREASED VOLUMES OF LNG OFF SYSTEM THROUGH DISPLACEMENT?

A. Such activity should only be undertaken after the needs of its own customers, both firm and interruptible, are met. This means offering LNG for sale to its interruptible customer without refusal except during periods of a system emergency. All operational flow orders are not system emergencies.

Q. WHEN SHOULD THE COMPANY MAKE INCREMENTAL GAS AVAILABLE TO CUSTOMERS?

A. With the new 25,000 Dth/day capacity recently acquired, Chattanooga Gas Company will not need LNG to meet its peak delivery requirements over the future rate year. Based on the metered volumes from January 2022, which was relatively cold winter month, it would have never used the LNG as a source of system supply. Because the Company has significant excess firm pipeline capacity to manage its winter delivery requirements, even on peak days, the Company should make LNG available to customers that request such incremental gas. In fact, the only time the Company should deny a customer request for incremental gas is if it cannot meet its delivery requirement with the existing pipeline capacity.

Q. WHEN IS THE COMPANY SUBJECT TO AN AUDIT?

A. Every three years the Company is subject to an audit, known as the triennial review. In the Order issued on October 27, 2020 (Docket No. 07-00224) the Commission ordered, "A triennial review of the gas procurement activities of Chattanooga Gas Company shall commence in the Fall of 2022, and a final report shall be issued by July 1, 2023." (Order at 9). The scope of the audit includes capacity management and storage as topics to be investigated, therefore, an audit of the incremental gas issue by Exeter is well within the scope of the upcoming audit. My recommendation that the Company make incremental gas available is based on the Company's data filed in this docket which proves that there is more than sufficient capacity available to meet the Company's peak needs and therefore should be offered upon request immediately and ongoing. If the findings of the 2023

Triennial Review uncover data that demonstrates otherwise then the practice of making incremental gas available will need to be examined.

Q. WHAT IS THE SUMMARY OF YOUR TESTIMONY?

A. Effective immediately the LNG gas should be offered on a non – discriminatory basis to any customer that requests such supply. Excess pipeline delivery capacity should be offered to requesting customers via a capacity release mechanism that allows for recall in the event a customer is not using the released capacity.

Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Exhibit 1

JAMES L. CRIST

PRESIDENT, LUMEN GROUP, INC.

Suite 101, 4226 Yarmouth Drive • Allison Park, PA 15101

Phone: 412.487.9708 • Cell: 412.613.8886 • E-mail: JLCrist@aol.com

DEMONSTRATED AREAS OF EXPERTISE

- GENERAL MANAGEMENT — Proven executive-level management expertise with excellent capabilities in developing, implementing, and supervising corporate-wide policies and procedures in areas including sales, marketing, customer service, public relations, rates, regulatory affairs, and administration. Possess a unique combination of abilities to set goals, develop winning business strategies, organize structures and work methods, and train the right people for the right positions to make it all work. Skilled in strategic short and long-term planning and budgeting with effective abilities in reducing the "fat" and increasing organizational efficiency. A creative, decisive leader who can successfully meet challenges and overcome obstacles to achieve profit objectives.

- REGULATORY STRATEGY — A thorough strategist with an extensive background in utility business unit operation (electric, natural gas, water/wastewater) the full range of rate and regulatory functions, from tariff development and special contract negotiation. Proven personal testifying skills with an outstanding record of developing and presenting successful written and oral testimony, along with settlement negotiations.

- PERSONNEL MANAGEMENT — Effective interpersonal communications skills support outstanding capabilities in recruiting, training, motivating, and directing staff at all levels. Proven ability to build productive, highly motivated teams of sales/marketing, operations, technical, and customer service personnel who contribute to top organizational performance.

- PERSONAL ATTRIBUTES — A determined, hardworking, challenge-driven executive with the skills and experience to bring excellence to any business organization. A high-energy mover and shaper ... experienced in successful start-ups and turn-arounds. An excellent communicator - written and verbal. A frequent speaker at professional symposiums, able to interpret and communicate complex concepts for diverse audiences. An engineering/technical specialist and a management generalist. Active in civic and community affairs.

EMPLOYMENT HISTORY

LUMEN GROUP, INC., Pittsburgh, PA — 1996 - Present

President - A consulting practice specializing in strategic planning, business planning, regulatory strategy, marketing and venture development in the electric, natural gas and energy services industries. Please see Addendum for amplification of consulting assignments.

ACN ENERGY, Farmington Hills, MI — 2004-2005

Vice President, Consumer Markets

OPTIRON, Pittsburgh, PA — 2003-2004

Vice President, Marketing

E R I SERVICES, Pittsburgh, PA — 1996

Vice President, Marketing & Product Development

CITIZENS UTILITIES, Harvey, LA & Stamford, CT — 1994 - 1995

Vice President, Marketing

CONSOLIDATED NATURAL GAS, Pittsburgh, PA — 1977 - 1994

Director, Residential & Commercial Marketing (1988 - 1994)
Manager, Technical Sales/Market Development (1985 - 1988)
Market Development Specialist (1982 - 1985)
Project Engineer (1979 - 1982) ... promoted from ... **Process Engineer** (1977 - 1979)

OCCIDENTIAL CHEMICAL CORP., Niagara Falls, NY — 1975 - 1977

Research Engineer

PENNSYLVANIA STATE UNIVERSITY, State College, PA — 1988
CLEVELAND STATE UNIVERSITY, Cleveland, OH — 1984

Instructor (Evening Division) - Economics, Engineering Economics

SELECTED ACCOMPLISHMENTS

VICE PRESIDENT, CONSUMER MARKETS - ACN ENERGY

Retained for a turnaround assignment with an independent energy marketing company. Participated on the executive management team and directed a decentralized 3-person market management staff responsible for sales to 85,000 customers. Worked directly with the parent company executives and business unit management to create market-driven strategies for the corporation. Sharpened marketing and sales efforts of an energy marketing company operating in seven states and packaged company for eventual sale to Commerce Energy.

- Primary executive responsible for sales. Directed a team of market managers that was responsible for all aspects of 11 different markets (electric and natural gas) around the country. Provided direction and support to sales channel organization of commissioned representatives. Turned around five-year annual loss to significant gain in 2004. Tightened focus on market decisions.
- Directed regulatory involvement to insure compliance with market rules. Focused on maintaining positive relationships with state utility regulators to avoid penalties.
- Led weekly operations meetings during absence of COO. This involved direction of call center, provisioning, billing, credit & collection, and marketing.
- Worked in a team setting with other executives (VP Finance, VP Supply, COO) to provide consistent, professional focus to workforce experiencing changing environment.
- Directed development of annual business plan and budget with targets resulting in both goal achievements and income improvements.
- During transition period working with merger partner Commerce Energy's executive team to train and advise incoming executives.
- Directed customer service improvements in the customer acquisition process which resulting in replacing outdated paper/fax process with phone order process.
- Organized and directed trade show presence at national sales convention for alliance sales channel to create awareness of new product and market focus.

VICE PRESIDENT, MARKETING - OPTIRON

Retained as part of executive team in venture capital startup company developing new CIS/CRM software for the energy industry. Worked closely with CEO, COO, and Director of Sales to determine business strategy and develop marketing strategy to create market awareness and brand attributes in medium and small energy companies.

- Added in-house marketing communications function and personnel and revamped all marketing materials.
- Added new website functionality and content.
- Implemented first print advertising campaign in industry publications.
- Using industry contacts, positioned Option as expert presenter at several conferences and trade shows.
- Developed business plan to identify sales prospects and created competitive database of CIS/CRM vendors.
- Participated in development of exit strategy plan resulting in the successful sale to large software company.

VICE PRESIDENT, MARKETING & PRODUCT DEVELOPMENT - ERI Services

Assumed responsibility for creating a new corporate marketing vision and strategy to facilitate entry into new deregulated energy markets nationally.

- Recruited and selected an exceptional management team and integrated marketing and sales activities into one functional operating unit.
- Established the product innovation process to identify and create new and profitable market-driven service offerings.
- Directed strategic branding to launch the new corporate identity; managed a $2 million national advertising campaign; and developed over $1 million of new sales/marketing collateral materials.
- Instituted financial controls that reduced costs 60% in the Iowa market rollout while maintaining 80% market share and high customer satisfaction.

VICE PRESIDENT, MARKETING - Citizens Utilities

Directed a decentralized 20-person sales staff and a five person marketing staff. Worked directly with the Board of Directors, Corporate President, and Sector Vice President to create market-driven sales strategies for the corporation. Revamped and redirected sales efforts of a five-state energy utility with 440,000 customers.

- Increased industrial sales revenues by reorganizing unregulated gas marketing effort.
- Revamped merchandising utilizing inbound telemarketing in Louisiana Gas.
- Revised training programs for entire sales force, identifying and correcting missing technical and equipment training, adding a greater competency in the commercial and industrial sectors.
- Developed first business plan in sales and marketing organization with monthly budget monitoring and

targets resulting in both goal achievements and cost improvements.

- Launched an aggressive direct marketing program that increased sales 500% over previous year.
- Increased share of gas transportation business in Arizona by 15% in first year of operation through marketing efforts.
- Created a telephone long distance business in Louisiana that captured a 20% share (2nd to AT & T).

DIRECTOR, RESIDENTIAL & COMMERCIAL MARKETING - Consolidated Natural Gas

Managed a marketing staff of 12 and a "dotted-line" 24-person field sales force. Directed marketing and sales efforts in consumer, business, and manufacturing markets with $154 million revenue.

- Added $6 million in revenue by developing new products in gas transportation, supply, and agency.
- Directed sales activities in residential, commercial, institutional and governmental accounts for both product sales and technology sales.
- Produced $600,000 annual revenue and doubled competitive project wins by revamping market approaches to residential and commercial new construction.
- Secured 50% increase in customer decisions over 5 gas companies and 4 electric companies.
- Experienced in PUC and Legislature lobbying. Increased revenues $2.3 million through regulatory strategy/testifying and received major competitive program approval.

MANAGER, TECHNICAL SALES / MARKET DEVELOPMENT - Consolidated Natural Gas

Directed new market development and competitive market support.

- Focused on commercial and industrial accounts and increased the depth of relationship beyond the typical utility provider of service to a rich full service information provider and business partner.
- Captured $150,000 in new business annually by competitive pricing analysis, sales tool development, and market approach.
- Developed total advertising and promotional plan launching new market programs.
- Compiled extensive technical database and developed economic model for project analysis, eliminating a $100,000 operating budget expense.
- Led statewide coalition with customers and government agencies for fair treatment of new technology.

EDUCATION - PROFESSIONAL

UNIVERSITY OF PITTSBURGH, Pittsburgh, PA — 1982

M.B.A. Degree

CARNEGIE - MELLON UNIVERSITY, Pittsburgh, PA — 1975

B.S. Degree in Chemical Engineering

Registered Professional Engineer   AGA Hall of Fame, 4/1991

JAMES L. CRIST

Lumen Group, Inc.
Suite 101, 4226 Yarmouth Drive • Allison Park, PA 15101
Phone: 412.487.9708 •Cell: 412.613.8886 •E-mail: JLCrist@AOL.com

AMPLIFICATION OF LUMEN GROUP CONSULTING ASSIGNMENTS

A consulting practice specializing in strategic planning, business planning, marketing and venture development in the telecommunications, energy, and services industries.

REGULATORY

Represented the National Energy Marketers Association and their members in Equitable-Dominion Peoples merger case. Developed strategy, presented written and oral testimony and negotiated on behalf of clients. Worked with other interveners and FTC on anti-competitive issues.

UTILITY RATE NEGOTIATION

Represented large client group seeking to obtain rate reduction from electric utility. Prepared strategy, wrote testimony, and exceeded expectations by achieving a 40% reduction in charges, producing a $2 million annual reduction.

STRATEGIC PLANNING FOR ON-SITE POWER GENERATION

Participated in proposal development for a 27-MW power plant on Kauai. Handled critical customer needs assessment in rapid turnaround fashion to meet proposal deadline. Maintained relationships with clients, vendors and proposal partners. Our proposal was selected as the preferred bidder out of five strong competitors.

NEW BUSINESS START-UP / TARIFF NEGOTIATIONS

Participated in the development of a new gas distribution utility in New York. Handled tariff development, pricing structure, transportation contracting, and operations, maintenance, and emergency manual preparation.

SALES STRATEGY/BUSINESS DEVELOPMENT

Developed sales strategy to focus on profitable accounts and markets. Developed sales training and account management plans and provided consulting to energy marketing organizations to improve overall sales.

BUSINESS STRATEGY/BUSINESS DEVELOPMENT

Developed business strategy to verticalize eCommerce/Customer Relationship Management product for the energy/utility industry. Produced sales training for global applications, product promotion presentations, developed alliance relationships with system integrators and software partners, developed business. Client is market leader in North America.

JOINT VENTURE/PRODUCT DEVELOPMENT

Assembled joint ventures resulting in sales to offer new hedge-based weather risk management retail product. Identified venture partners, and developed business arrangements and closed million-dollar deals

ENERGY PROCUREMENT

Served as energy expert on project team that obtained long-term natural gas supply for major government facilities. Prepared project specifications, negotiated with suppliers, prepared RFP, negotiated major reduction in delivery charges. This project resulted in annual cost reduction of $2.5 million.

NEW BUSINESS DEVELOPMENT - TELECOMMUNICATIONS

Analyzed use of electric utility assets for possible telecommunications business venture. Wrote the business plan that identifies regulatory and non-regulatory issues, marketing plans, financial analysis, and organizational requirements. Launched the new non-regulated business unit in 1996.

JOINT VENTURE DEVELOPMENT - TELECOMMUNICATIONS

Conducted analysis of potential joint venture partners for new unregulated telecommunications venture, bypassing the Bell operating company. Held screening discussions with potential partners and selected lead candidate for venture. Developed working agreement with partners along with business case to launch venture.

JOINT VENTURE DEVELOPMENT - TELECOMMUNICATIONS & ENERGY

Developed strategic plan for joint venture involving gas, electric, and telecommunications partners. Screened potential business partners and held discussions with lead candidates. Assembled justification for top management approval.

PRODUCT DEVELOPMENT - UNREGULATED ENERGY SERVICES

Developed energy products for start-up subsidiary of major energy utility. Identified potential products and selected most likely candidates for further development. Developed market plans and sales plans for products.

MARKET PLAN - DIRECT MARKETING

Developed the market plan for large, global direct marketing agency to enter the energy industry. Identified strategies, strengths, weaknesses, and target prospects. Initiated sales effort and developed new business.

CORPORATE IMAGE DEVELOPMENT

Developed complete business unit identity for a new operations and services company.
Produced capabilities brochure for use with prospects.

MARKET RESEARCH

Conducted market research to identify new customer/new business opportunities for major energy utility. Comprehensive project with two additional similar projects were completed. Entailed determination of goals, development of research methodology, script preparation, vendor selection, data analysis, and development of action plan.

MARKET DEVELOPMENT

Organized intervener group in Illinois consisting of retail marketers and intervened in three rate proceedings (Nicor Gas base case, WPS-Peoples merger case, Peoples Gas base case) and secured significant improvements in rules and procedures enabling marketers to increase their business and profitability. Developed strategy and presented written and oral testimony.

Exhibit 2

PARTIAL LIST OF REGULATORY EXPERIENCE OF JAMES L. CRIST

1. Columbia of PA General Base Rate Increase, Docket R-2020-3018835, Representing the Pennsylvania State University
2. Dominion Energy Ohio Motion, Case No. 18-1419-GA-EXM, Representing Retail Energy Supply Association
3. Aqua America/Peoples Natural Gas Merger, Docket R-2018-3006061, Representing Natural Gas Supplier Parties and Retail Energy Supply Association
4. Peoples Natural Gas General Base Rate Increase, Docket R-2018-3006818, Representing Peoples Industrial Intervenors
5. Duquesne Light Company General Base Rate Increase, Docket R-2018-3000124, Representing the Duquesne Industrial Intervenors
6. Columbia of PA General Base Rate Increase, Docket R-2018-2647577, Representing the Pennsylvania State University
7. West Penn Power Company, Default Service Program, Docket R-2017-2637866, Representing the Pennsylvania State University
8. Vectren Energy Delivery Ohio, Alternative Rate Plan, Case No. 18-0049-GA-ALT, Representing Retail Energy Supply Association
9. Columbia of PA Gas Cost Increase, Docket R-2017-2591326, Representing the Pennsylvania State University
10. West Penn Power Company, General Base Rate Increase, Docket R-2016-2537359, Representing the Pennsylvania State University
11. Columbia of PA General Base Rate Increase, Docket R-2016-2529660, Representing the Pennsylvania State University
12. UGI Utilities General Base Rate Increase, Docket R-2015-2518438, Representing Dominion Retail, Inc., Shipley, Choice, LLC, Interstate Gas Supply, Inc., Amerigreen Energy, and Rhoads Energy
13. Columbia of PA General Base Rate Increase, Docket R-2015-2468056, Representing the Pennsylvania State University
14. West Penn Power Company, General Base Rate Increase, Docket R-2014-2428742, Representing the Pennsylvania State University
15. Herman Oil & Gas Company, General Base Rate Increase, R-2014-2414379, Representing Herman Oil & Gas Company
16. Columbia of PA General Base Rate Increase, Docket R-2014-2406274, Representing the Pennsylvania State University
17. Ameren Gas- General Base Rate Increase, Docket No. 13-0192, Representing Dominion Retail and Interstate Gas Supply of Illinois
18. Columbia of PA General Base Rate Increase, Docket R-2012-2321748, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
19. Columbia of PA Petition for Approval of a Distribution System Improvement Charge Docket R-2012-2338282, Representing the Pennsylvania State University
20. PUC PA Generic Investigation Regarding Gas-On-Gas Competition, Docket No. P-2011-2277868, Representing the Pennsylvania State University
21. Ameren Gas- General Base Rate Increase, Docket 11-0282 (Cons.), Representing Dominion Retail and Interstate Gas Supply of Illinois
22. Water and Power Authority (USVI)- Electric Base Rate Case, Docket 575, June 2009, Representing Frenchman's Reef Marriott
23. Water and Power Authority (USVI)- Water Base Rate Case, Docket 576, June 2009, Representing Frenchman's Reef Marriott
24. Public Service of New Mexico 2010 Base Rate Case, Informal rate design workshops pursuant to the stipulation in NMPRC Case No. 08-00273-UT, Representing City of Albuquerque
25. Public Service of New Mexico, Electric base case at Case No. 08-00273-UT, Representing City of Albuquerque
26. Public Service of New Mexico 2009 Renewable Energy Procurement Plan for 2010, Case No. 09-00260-UT, Representing City of Albuquerque and Santa Fe County
27. Public Service of New Mexico, Gas sale case at Case No. 08-00078-UT, Representing City of Albuquerque
28. UGI Utilities, Central Penn Gas, Penn Natural Gas, Gas Cost Increase, Docket No. R-2011-2238953, Representing Shipley Energy, Rhodes Energy, and CenterPoint Energy
29. UGI Utilities- Gas Division, Gas Cost Increase, Docket No. R-2010-2172933, Representing Shipley Energy
30. Columbia of PA General Base Rate Increase, Docket R-2010-2215623, Representing the Pennsylvania State

University, Dominion Retail, Interstate Gas Supply, and Shipley Energy

31. Columbia of PA General Base Rate Increase, Docket R-2009-2149262, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
32. Columbia of PA General Base Rate Increase, Docket R-2008-2011621, Representing Hess Energy, Dominion Retail, Interstate Gas Supply, and Shipley Energy
33. Columbia of PA Gas Cost Increase, Docket R-2008-2028039, Representing Dominion Retail, Interstate Gas Supply, and Shipley Energy
34. PPL Electric Utilities Voluntary Purchase of Accounts Receivables Program and Merchant Function Charge, Docket No. P-2009-2129502
35. Nicor Gas Company, Provision of facilities and services and the transfer of assets between Nicor Gas Company and Nicor Inc., Docket No. 09-0301, Representing Dominion Retail
36. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 09-0166 and 09-0167, Representing Dominion Retail, Interstate Gas Supply and Nicor Advanced Energy
37. Nicor Gas Company, Base Rate Increase, Docket No. 08-0363, Representing Interstate Gas Supply and Dominion Retail
38. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 07-0241 and 07-0242, Representing Dominion Retail, Interstate Gas Supply and U.S. Energy Savings
39. WPS Resources, Peoples Energy, Peoples Gas Light and Coke Company, North Shore Gas Company, Application pursuant to Section 7-204 of the Public Utilities Act for authority to engage in a Reorganization, Docket 06-0540, Representing Dominion Retail, Interstate Gas Supply, US Energy Savings, MxEnergy, and Direct Energy Services.
40. Allegheny Energy, Approval of Retail Electric Default Service Program and Competitive Procurement Plan, Docket No. P-2008-2021608, Representing the Pennsylvania State University
41. Allegheny Energy, Generation Rate Cap, Docket No. P-2007-2001828, Representing the Pennsylvania State University
42. Equitable Gas Company, Rate Increase, Docket R-2008-2029325, Representing Independent Oil & Gas Association and Hess Corp.
43. Equitable Gas Company and Peoples Gas, Merger Case, Docket A-122250F5000, Representing National Energy Marketers, Hess Corporation, and Constellation New Energy.

Exhibit 3

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION NASHVILLE, TENNESSEE

Chattanooga Gas Company	)	
Petition for Approval of Tariff	)	Docket No. 22-0004 Amendments to
T-1, T-2, and T-3	)	

CHATTANOOGA GAS COMPANY'S SUPPLEMENTAL RESPONSE AND OBJECTIONS TO CRMA'S SECOND DISCOVERY REQUESTS, NOS. 2-10, 2-24, AND 2-25

Chattanooga Gas Company ("CGC" or "Company") files this Supplemental Response and Objection to the Chattanooga Regional Manufacturers Association ("CRMA") Second Round Discovery Requests, Nos. 2-10, 2-24, and 2-25. In making this Supplemental Response, CGC hereby incorporates its General Objections to CRMA's Second Set of Discovery Requests, served by CGC on June 14, 2022, and filed with the Tennessee Public Utility Commission on June 15, 2022.

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 (June 14, 2022):

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.

CGC SUPPLEMENT RESPONSE (June 16, 2022):

CGC objects to this request as overly broad and unduly burdensome as it is vague and confusing. It is not clear if the request is for CGC to add the daily deliveries of the T-1 and I-1 customers to the Company's daily deliveries for each day of calendar years 2019, 2020, and 2021 or if the request is for CGC to add the T-1 and I-1 deliveries to the Company's daily deliveries for the peak days for calendar years 2019, 2020, and 2021. Since Rate Schedule I-1 customers do not transport their own gas, but purchase gas from CGC, it isn't clear what is being requested relative to I-1 customers daily deliveries. Subject to and without waiving the foregoing objections, CGC states as follows: the total throughput (Company System Supply plus Transportation Customers Supply) on the peak days in calendar year 2019, 2020, and 2021 was less than the Company interstate pipeline capacity and the peaking supply from the LNG facility.

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 (June 14, 2022):

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.

CGC SUPPLEMENTAL RESPONSE (June 16, 2022):

Please note that the information previously provided in CGC's response to CRMA DR 2- 24 was actually responsive to CRMA DR 2-25. In making this correction, you should return to CGC or otherwise destroy the CRMA DR 2-24 CONFIDENTIAL Attachment provided on June 14, 2022; since this is the historic information, this is not confidential and is being provided in the substantive response to CRMA DR 2-25 below. This corrected information is also noted below in CGC's Supplemental Response to CRMA DR 2-25.

Substantively, with respect to the correct response to DR 2-24, CGC states:

CGC objects to this request as overly broad and unduly burdensome as it is vague and confusing. While CGC is asked to provide the historic forecasts of annual consumption and peak day submitted in the prior year for the year immediately following the specific filing, it is not explained to whom the forecast was to have been submitted or what is meant by "specific filing." The request is for "historic consumption" but doesn't explain if the forecasts consumption is for CGC sales customers, or if the request is for the forecasts of all customers' (sales and transportation customers) consumption. Subject to and without waiving the foregoing objections, CGC states as follows: The annual forecasts include non-transportation customer volumes with the exception of the design day which additionally include the transportation customers that have elected firm backup service. CGC projects the design day throughput and does not produce a peak day forecast. Since peak day forecasts were not produced, the design day projections are provided as an alternative. See the CRMA DR 2-24 CONFIDENTIAL Attachment that provides the information available.

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.

CGC SUPPLEMENTAL RESPONSE (June 16, 2022):

CGC's original response to CRMA DR 2-24 was actually the substantive response to CRMA DR 2-25, and the CRMA DR 2-24 CONFIDENTIAL Attachment is responsive to CRMA DR 2-25 and is not confidential. Thus, CGC states as follows:

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 the table below with the historic information being provided. Please note that the Annual Total and Peak Day load represents all load from all customer classes.

	Annual Total (Dth)	Peak Day (Dth)
2011	15,201,302	111,569
2012	13,646,626	103,146
2013	16,000,945	92,985
2014	16,153,670	134,821
2015	14,542,754	126,499
2016	14,503,249	115,823
2017	13,494,686	108,038
2018	15,464,175	129,424
2019	14,911,931	108,713
2020	14,556,350	110,983
2021	15,161,639	118,020

RESPECTFULLY SUBMITTED this 16th day of June, 2022,

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Attorneys for Chattanooga Gas Company

Direct Testimony of Mr. Chance Donahue

Before the

Tennessee Regulatory Authority

Docket No. 22-00004

Chattanooga Gas Company

Direct Testimony of
Chance Donahue

On Behalf of

Chattanooga Regional Manufacturers Association

August 2022

<u>Direct Testimony of Chance Donahue</u>

Q. **Please state your name, business address and occupation.**

A. I am Chance Donahue, Utilities Manager for KordSA, Inc. ("Kordsa"), a chemical manufacturing plant served by Chattanooga Gas Company. My business address is 4501 North Access Road, Chattanooga, Tennessee, 37415.

Q. **What are your principal responsibilities as Utilities Manager for Kordsa?**

A. I am primarily responsible for managing the day-to-day operations and maintenance of the utilities area at our Chattanooga plant, including sourcing the natural gas requirements for this facility.

Q. **Please outline your educational and professional training and experience.**

A. I have worked in utilities engineering, maintenance, and operations since 2012. I was first employed by INVISTA S.à r.l. in 2012, and the facility and operations were later purchased by Kordsa. I have been employed by Kordsa since 2017. I have a Master of Science degree in Mechanical Engineering from the University of Tennessee.

Q. **Have you previously submitted testimony for the Chattanooga Regional Manufacturers' Association ("CRMA") to this Authority?**

A. No

Q. **What is the subject of your testimony?**

A. I will present information addressing concerns that Kordsa has regarding Chattanooga Gas Company's incremental gas practices and how the availability of incremental gas reduces natural gas costs for Kordsa and other T-1 Interruptible transportation customers.

Q. **Have you prepared any exhibits to accompany your testimony?**

A. No.

Q. **Please address the use of natural gas at your facility and the Chattanooga gas rate currently served under?**

A. Yes. Kordsa is one of Chattanooga Gas Company's largest customers. We use a sizable amount of natural gas in our process boilers and Dowtherm vaporizers that support our manufacturing process. Kordsa entered a special contract with Chattanooga Gas Company in March 2022, that included a bypass avoidance rate that allows us to continue to be a customer of Chattanooga Gas Company. Kordsa values the service we receive from Chattanooga Gas Company appreciates their help in negotiating and getting approval of the Special Contract. The terms and conditions of the Special Contract are consistent with Chattanooga Gas Company's T-1 Transportation Interruptible Rate Tariff. Kordsa contracts with a third-party supplier that delivers recallable/interruptible supply to Chattanooga Gas Company. During peak days when gas demand is high, Kordsa can switch over to # 2 Fuel oil in its boilers and vaporizers. However, during peak times, Chattanooga Gas may offer alternative incremental supply based on their costs of pipeline supply or their costs of LNG (liquefied natural gas) in inventory.

Q. **Please explain how the availability of incremental gas reduces natural gas costs for Kordsa Inc?**

A. In recent years, natural gas supply availability has become more limited on peak days, creating higher pricing and volatility. For example, during January of 2022, Kordsa's natural gas supply was restricted on 25 out of 31 days. On those days, our plant had to buy repriced natural gas at a higher market rate or switch over to #2 Fuel Oil. On many of those days, the cost of natural gas was as much as a $10-$15 premium per dekatherm over our regular contract pricing. However, if Chattanooga Gas Company would have offered incremental gas on many of those days, Kordsa could had saved as much as $25,000-$30,000 per day. Without any benefits from incremental gas, we estimated that that our additional gas costs were $350,000 for the month of January alone.

Q. **Why do you feel that Kordsa and other T-1 Interruptible Transportation Customers should have access to incremental gas/LNG?**

A. Chattanooga Gas Company built the LNG plant back in the 1970s when there was a perceived shortage of natural gas. The Chattanooga LNG plant was built to provide peaking on cold days and as a supply supplement for all rate classes. The Chattanooga manufacturers helped pay for this plant, and the costs of this asset is allocated to all rate classes. Furthermore, in the current and recent ARM adjustments, Chattanooga Gas has spent millions on LNG improvements and the additional costs of these improvements is being evenly allocated to all rate classes including the T-1 Transportation customers.

Q. **When is the last time Chattanooga Gas Company offered Incremental Supply?**

A. Chattanooga Gas Company offered incremental gas on 2 days in January of 2019. Those are the only days since the last rate case in 2018.

Q. **Do you believe that Chattanooga Gas Company has fulfilled its agreement with the CRMA to begin offering incremental gas when available?**

A. We are disappointed in Chattanooga Gas Company. This could be a very valuable asset that could provide tremendous costs benefits to Kordsa and other Chattanooga area manufacturers.

Q. **What is your recommendation to the TPSC regarding the allocation of rates and oversight of Chattanooga Gas Company.**

A. Kordsa doesn't mind paying our fair share of rate increases, and we agreed to rate increases under the terms of our special contract; however, how can the TPSC justify allocating an across the board increase to the T-1 interruptible transportation customers when Chattanooga Gas Company denies us the potential benefits from the improvements? We believe a thorough review by the TPSC will reveal that there is plenty of LNG capacity to benefit all rate classes. We urge the TPSC to perform an extensive review of Chattanooga's incremental gas practices to ensure the interests of all ratepayers are protected.

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

A. Yes

CRMA's Supplemental Response to the Motion to Strike or Transfer

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

IN RE:	)	
CHATTANOOGA GAS COMPANY PETITION FOR APPROVAL OF ITS 2021 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)	)	**Docket No. 22-00032**
AND	)	**AND**
CHATTANOOGA GAS COMPANY PETITION FOR APPROVAL OF TARIFF AMENDMENTS TO ITS T-1, T-2, AND T-3 TARIFFS	)	**Docket No. 22-00004**

SUPPLEMENTAL RESPONSE TO MOTION OF CHATTANOOGA GAS COMPANY TO STRIKE OR TRANSFER CERTAIN TESTIMONY

The Chattanooga Regional Manufacturers Association ("CRMA") files this Supplemental Response to "Chattanooga Gas Company's Motion to Strike, or in the Alternative to Transfer, Certain of the Testimony of Chattanooga Regional Manufacturers Association."

On July 14, 2022, Chattanooga Gas Company ("CGC" or "the Company") filed a motion asking that testimony regarding CGC's incremental gas tariff that was filed in this docket by CRMA either be struck from the record or transferred to Commission Docket No. 22-00004. A copy of the motion is attached. On July 21, 2022, CRMA filed a response arguing that the incremental gas issue may properly be raised in Docket 22-00032 and that CGC's interpretation and effectuation of its incremental gas tariff should also be addressed in the Company's next triennial audit.[1] A copy of CRMA's response is attached.

As explained below, the parties have reached an agreement that makes it unnecessary for the Hearing Officer to rule on the motion.

CRMA has agreed to transfer testimony and exhibits concerning the incremental gas issue from Docket 22-00032 to Docket 22-00004. In exchange, CGC has agreed not to oppose CRMA's ability or right to request that the next triennial audit address whether CGC has reasonably interpreted and effectuated the incremental gas tariff and what changes, if any the auditors would recommend.[2]

In order to have a complete record in Docket 22-00004 of the parties' positions on the incremental gas issue as well as a record of this agreement, CRMA is filing this Supplemental Response in both dockets 22-00032 and 22-00004.

Respectfully submitted,

By:________________________

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[1] See Order issued October 27, 2020, in Docket 07-00224 announcing that the next triennial audit will commence "during the fall of 2022 covering the period April 2019 through March 2022."

[2] The Consumer Advocate has agreed with CGC not to oppose CRMA's ability to ask for Commission approval of the requested audit.

CERTIFICATE OF SERVICE

I hereby certify that I have on this 2nd day of August, 2022, a copy of the foregoing document was served on the parties of record, via electronic email transmission and regular U.S. Mail, postage prepaid, addressed as follows:

Henry M. Walker

4879-5602-4877.4

Motion to Strike or Transfer by Chattanooga Gas Company

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

July 14, 2022

IN RE:	)	
	)	
CHATTANOOGA GAS COMPANY	)	**Docket No.**
PETITION FOR APPROVAL OF ITS	)	
2021 ANNUAL RATE REVIEW	)	**22-00032**
FILING PURSUANT TO TENN.	)	
CODE ANN. § 65-5-103(d)(g)	)	

CHATTANOOGA GAS COMPANY'S MOTION TO STRIKE, OR IN THE ALTERNATIVE TO TRANSFER, CERTAIN OF THE TESTIMONY OF CHATTANOOGA REGIONAL MANUFACTURERS ASSOCIATION

Chattanooga Gas Company ("CGC" or "Company"), by and through the undersigned counsel and pursuant to Tennessee Code Annotated section 65-2-109(1), hereby files this Motion to Strike certain of the prefiled testimony of Chattanooga Regional Manufacturers Association ("CRMA"), specifically, Mr. Chance Donahue's rebuttal testimony in its entirety and those portions of Mr. James Crist's testimony relating to incremental gas, as irrelevant and immaterial to CGC's Annual Review Mechanism ("ARM"), or in the alternative to transfer said issue and testimony to Docket 22-00004. In support hereof, CGC states:

BACKGROUND

1. On October 7, 2019, in Docket 19-00047, the Tennessee Public Utility Commission ("Commission") entered its *Order Approving Settlement Agreement* reflecting agreement among CGC, CRMA, and the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General ("Consumer Advocate") relative to the *Chattanooga Gas Company Petition to Opt Into An Annual Review of Rates Mechanism Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)* filed on April 15, 2019 ("2019 ARM Order").

2. The 2019 ARM Order attaches, adopts, and approves a Settlement Agreement between CGC, CRMA, and the Consumer Advocate. The Settlement Agreement, in turn, attaches Exhibits A and B identifying the purpose of ARM proceedings as well as the background information, supporting testimony, applicable schedules, and other documentation required in CGC's annual ARM filings.

3. On April 20, 2022, in accordance with the 2019 ARM Order, CGC filed its *Petition for Approval of Its 2021 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, along with the required supporting testimony, schedules, and other documentation.

4. On May 5, 2022, the Commission granted CRMA's unopposed petition to intervene in this proceeding.

5. On May 6, 2022, CRMA issued its First Round of Discovery Requests to CGC, including numerous questions related to matters outside of an ARM proceeding. The requests sought information relative to gas commodity costs, including sales, supply, and pipeline balancing orders that exceed the scope of the ARM as well as information outside of the Historic Base Period (calendar year 2021). On May 20, 2022, CGC filed its Responses and Objections to CRMA's First Discovery Requests objecting to the irrelevant requests.

6. Despite the irrelevance of the issues relative to gas commodity costs, on June 17, 2022, CRMA prefiled testimony of its two witnesses, Mr. James L. Crist and Mr. Chance Donahue, devoted largely to issues relative to gas commodity sales and the availability of "excess" or incremental gas.

7. More specifically, the testimony of Mr. Crist addresses, in part, "issues of incremental gas costs and the Company's management of its capacity and LNG facilities." Crist, p. 3, l. 10-11. Mr. Crist proposes that CGC be required to offer what Mr. Crist asserts is "excess capacity" or

"incremental gas" to "customers that request such incremental gas" unless "it cannot meet its delivery requirement with the existing pipeline capacity." "This means offering LNG for sale to its interruptible customer[s] without refusal except during periods of a system emergency." Crist, p. 7, l. 12 through p. 13, l. 10. The testimony of Mr. Donahue likewise is wholly devoted to the proposition that T-1 Interruptible Transportation Customers should have access to incremental gas from CGC's LNG facility and how Kordsa could have allegedly saved money if CGC made available incremental gas on the rates, terms, and conditions sought by CRMA.

8. The service CRMA seeks is already being offered by CGC – it is CGC's Interruptible Transportation Service with Firm Gas Supply Backup, available in Rate Schedule T-2. While this service meets the operational request of the CRMA, it appears that CRMA does not want this service because it costs more than the current Rate Schedule T-1 service. Since CGC already offers the exact service they seek, this request is unnecessary. To grant or even consider this request would enable these customers to game the system to the detriment of CGC's firm customers.

9. Besides being duplicative of an existing service, this request is inappropriate for CGC's ARM Docket. First, issues relative to gas commodity costs, including sales, supply, and pipeline balancing orders are not included in the ARM because gas costs are recovered through the PGA which is not part of CGC's ARM.

10. Second, even assuming this service request is not presently substantively available, CRMA is requesting future changes to how CGC's LNG facility is operated and how CGC manages gas supply for its firm customers. This type of prospective change is also outside the scope of CGC's ARM. While the 2019 ARM Order allows for parties to propose changes to CGC's ARM mechanism, those changes still have to relate to the treatment of CGC's rate base

and other costs relevant to the Historic Base Period. The operation of the LNG facility is simply not a relevant cost for the ARM, and, indeed, it is expressly excluded from the jurisdiction for any CGC ARM proceeding: "Jurisdictional revenues and expenses exclude the Asset Management Agreement revenues, revenue and the related cost of off-system sale of Liquid Natural Gas ('LNG'), and other non-jurisdictional transactions as determined by the Commission."[1]

11. For these reasons, the testimony of Mr. Crist and Mr. Donahue as to these issues should be stricken as irrelevant and immaterial. More specifically, Mr. Donahue's testimony should be stricken in its entirety. Mr. Crist's testimony at page 3, lines 10-11; page 7, line 12 through page 13, l. 10; and page 13, l. 21 through page 14, line 2 should be stricken.

ARGUMENT

12. Pursuant to Tennessee Code Annotated section 65-2-109(1), the Commission has discretion to exclude "irrelevant" and "immaterial" evidence and has historically done so. *See Gen. Telephone Co. of the Southeast v. Tenn. Pub. Serv. Comm'n,* Docket No. U-5740 (Nov. 15, 1974) (striking testimony as irrelevant to the issues in the proceeding). The request and testimony of CRMA identified herein is irrelevant and immaterial as the subject matter of this docket, which is a review of CGC's actual 2021 expenses and revenues.

13. First and foremost, the service CRMA seeks is already offered by CGC – interruptible customers desiring to purchase gas from CGC may subscribe to Rate Schedule T-2, Interruptible Transportation Service with Firm Gas Supply Backup. The problem appears to be that the CRMA does not want to pay for the service it desires, since T-2 service is more expensive than T-1 service. By requiring CGC to allocate or apportion some amount of gas to the interruptible customers, CRMA is essentially seeking to shift to CGC all the risk of being an interruptible customer taking

[1]2019 ARM Order, at Exhibit A to Exhibit A, p. 1 of 41 (page 30 of the 2019 ARM Order) (emphasis added).

interruptible service. In essence, the CRMA proposal would have CGC 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 that may or may not ever materialize. This is simply wrong – the existing T-2 mechanism can best meet the needs of the CRMA members for gas without the creation of a new service that would be duplicative or otherwise more speculative and inefficient than the present T-2 service.

14. Second, as a general proposition, gas commodity sales are costs recovered through the PGA and not the ARM. So, on its face, these types of costs are outside the scope of the ARM Docket. Moreover, Section 12d of the Stipulation and Settlement Agreement approved in the 2019 ARM Order does not somehow pull the CRMA's request for incremental gas back into the ARM Docket. Section 12d pertains to CGC's rate base. CGC's gas forecasts, excess or incremental gas, or changes to how CGC operates its LNG facility are matters completely outside the scope of CGC's rate base since they fall within the PGA.

15. Third, what CRMA seeks is expressly excluded from CGC's ARM mechanism. The Settlement Agreement signed by CRMA specifically states: "Jurisdictional revenues and expenses <u>exclude</u> the Asset Management Agreement revenues, <u>revenue and the related cost of off-system sale of Liquid Natural Gas ('LNG')</u>, and other non-jurisdictional transactions as determined by the Commission."[2] This exclusion makes complete sense. CGC's assessment as to whether it will offer incremental gas to interruptible transport customers who voluntarily choose to not take firm backup or any other firm service involves an evaluation of multiple factors including but not limited to the time of the year or date within the winter period, gas supply forecasts, supply management, the current LNG inventory, and the need to support safe, reliable, and economical

[2] *Id.*

sourcing of natural gas to meet firm customer demand. Winter Storm Uri and the impacts of the extreme weather in Texas in 2021 highlight the importance of utilizing sound gas supply determinations and maintaining reasonable reserve margins necessary to providing uninterrupted service to firm customers. These types of operational matters are far beyond and outside the scope of CGC's ARM mechanism as they have nothing to do with a review of CGC's actual historic revenues and expenses for 2021.

16. Tennessee Code Annotated section 65-5-103(d)(6) allows for annual rate reviews on a retrospective basis. In fact, the 2019 ARM Order recognizes that the "general nature of the ARM . . . require[s] the ARM to be filed annually and a reconciliation of previous year's earnings with the earnings authorized in the last rate case is performed. Adjustment to <u>historical data</u> will be in conformity with the Company's latest rate case."[3] The Settlement Agreement approved by the 2019 ARM Order and signed by CRMA specifically states that "[r]ates subject to the annual rate reset shall be based upon the review of the <u>historic information</u> as set forth in CGC's Petition . . . ." and that the Historic Base Period is "the twelve-month period ending <u>December 31</u> of each year prior to each Annual Filing Date."[4] The relief now being sought in this proceeding far exceeds the scope of CGC's ARM mechanism, and is completely irrelevant and immaterial to information to be considered in an ARM proceeding.

17. CGC recognizes that the Settlement Agreement provides for intervenors to "propose one or more prospective changes to CGC's ARM Plan."[5] However, the changes proposed by CRMA are wholly unrelated to CGC's "ARM Plan" as reflected in Exhibits A and B to the Settlement Agreement. As has been discussed above, issues relative to gas commodity costs, including sales,

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[3] *Id.* at p. 8 (emphasis added).
[4] *Id.* at Exhibit A, ¶ 22 (emphasis added); *Id.* at Exhibit A to Exhibit A, p. 4(J) (emphasis in original).
[5] Id at Exhibit A, ¶ 16(a).

supply, and pipeline balancing orders are not included in the ARM because gas costs are recovered through the PGA and the wider scope of what CRMA is requesting is expressly excluded from and not a part of CGC's ARM. The CRMA's testimony on this request is immaterial and irrelevant to CGC's ARM, and all of Mr. Donahue's testimony and that portion of Mr. Crist's testimony regarding incremental gas and use of the LNG facility and should be stricken.

18. If the Commission determines that it does desire to hear the issues raised by the CRMA, then in the alternative, CGC would not object to transferring the testimony relative to LNG operation and incremental gas supply to Docket No. 2022-0004, *Chattanooga Gas Company Petition for Approval of Tariff Amendments to its T-1, T-2 and T-3 Tariffs.*

WHEREFORE, Chattanooga Gas Company respectfully requests that the Commission enter an Order striking Chance Donahue's testimony in its entirety and striking Mr. Crist's testimony at page 3, lines 10-11; page 7, line 12 through page 13, l. 10; and page 13, l. 21 through page 14, line 2 or, alternatively, transferring the testimony to Docket No. 20-00004.

Respectfully submitted this 14th day of July, 2022.

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Attorneys for Chattanooga Gas Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and exact copy of the forgoing Motion to Strike or in the Alternative to Transfer, Certain of the Testimony of Chattanooga Regional Manufacturers Association has been forwarded via electronic mail on this the 14th day of July, 2022 to:

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J.W. Luna

Response of Chattanooga Regal Manufacturers Association to Motion to Strike or Transfer

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

IN RE: CHATTANOOGA GAS COMPANY PETITION FOR APPROVAL OF ITS 2021 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)	)	Docket No. 22-00032

RESPONSE TO MOTION OF CHATTANOOGA GAS COMPANY TO STRIKE OR TRANSFER CERTAIN TESTIMONY

The Chattanooga Regional Manufacturers Association ("CRMA") files this response to "Chattanooga Gas Company's Motion to Strike, or in the Alternative to Transfer, Certain of the Testimony of Chattanooga Regional Manufacturers Association." The response is filed pursuant to Rule 1220-01-02-.06 of the Tennessee Public Utility Commission (the "Commission").

Discussion

On January 6, 2022, Mr. Chance Donahue, Chairman of the Energy Committee at CRMA, emailed Mr. Paul Teague and others at Chattanooga Gas Company ("CGC" or "the Company") to ask if the Company had any excess gas in its LNG storage tanks to offer for sale to interruptible transportation customers pursuant to the Company's "incremental" gas tariff.[1] Late that evening, Mr. Teague responded that the gas stored in the Company's LNG tanks "is limited" and "is being carefully managed" in order to "meet peak day conditions for those customers who pay for the

[1] See Exhibit A.

4864-8922-1418.19

asset." Mr. Teague went on to say that since "this is the first week of January, it is much too early for CGC to consider offering supplemental sales of LNG inventory or supply to transportation customers."[2]

Just five days later, CGC's asset manager began diverting large amounts of CGC's gas to non-jurisdictional buyers. Each day, from January 11 through January 31, 2022, the asset manager diverted 12,000 to 15,000 dekatherms of gas that had been scheduled for delivery to CGC and replaced it with gas from the Company's LNG tanks.[3] Between January 11 and 31, the asset manager sold a total of 122,000 dekatherms of gas to off-system buyers on the open market. None of it went to CGC's interruptible transportation customers who had asked for and needed the gas.[4] Despite the email exchange between CRMA and Mr. Teague, CGC subsequently filed a report with the Commission falsely stating that no customers had asked to buy incremental gas on any day during January.[5]

CGC's actions clearly violate the utility's incremental gas tariff which states that the Company "shall" offer gas for sale to interruptible transportation customers when, in the

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[2] See Exhibit A.

[3] See CRMA's confidential Response number 5 to CGC's First Discovery Requests. The Response explains that between January 11 and January 31, 2022, CGC's asset manager was diverting 12,000 to 15,000 dekatherms a day from one of CGC's pipeline suppliers to non-jurisdictional buyers and replacing it with gas from the Company's LNG tanks. This process of diverting pipeline deliveries to off-system markets and replacing the gas with supplies from CGC's LNG facility is called a "sale by displacement." 2020 Exeter Report, Section 6.2, p. 46.

[4] During the month of January, CGC had a daily balancing order in effect on twenty-eight of thirty-one days. See Exhibit B.

[5] See Exhibit B.

reasonable exercise of the Company's judgment, such gas is available and not needed to serve CGC's firm customers.[6]

The Company's actions also violate its obligation to prioritize its jurisdictional ("on-system") customers over non-jurisdictional ("off-system") buyers. As the Tennessee Court of Appeals explained, CGC's asset manager may only market gas to non-jurisdictional buyers if the Company first determines that the gas is not needed by CGC's customers. *Consumer Advocate & Protection Division v. Tennessee Regulatory Authority*, 2012 WL 1964593 (Tenn. Ct. App. 2012). As the Court wrote, (slip opinion at 5),

> If it is determined that some of the pipeline capacity assets that have been purchased [by CGC] will not be needed to meet the needs of the Gas Company's customers, the asset manager can market the excess assets to other jurisdictions.

Similarly, the 2020 Exeter Report states, "Off-system LNG sales are subordinate to serving CGC's on-system customers and are available only at CGC's sole discretion." 2020 Exeter Report, Section 4.2, Docket 07-00224.

In its Motion to Strike or Transfer, CGC asks the Commission not to consider the Company's tariff violation in this "ARM" (Annual Review Mechanism) docket, arguing that the Company's obligation to offer incremental gas to interruptible transportation customers is not relevant to any of the issues now before the Commission.

CGC is incorrect.

The purpose of this proceeding is to "true up" CGC's annual return on the Company's rate base. The rate base includes gas storage facilities that are paid for by all jurisdictional customers,

[6] In Docket 18-00017, CGC witness Archie Hickerson agreed with counsel for CRMA that although the tariff requires the Company to offer gas "at its option, " CGC must "reasonably" exercise its discretion in interpreting the tariff and the reasonableness of the Company's actions is subject to review by the Commission.

including interruptible transportation customers.[7] Pursuant to state law and the substantive criteria adopted by the Commission for its review of CGC's annual ARM filing, the Company is allowed to earn a return on its storage assets as long as the assets are "used and useful" in the provision of service to CGC's customers.[8]

As demonstrated by the Company's conduct in January, 2022, CGC has effectively eliminated the incremental gas tariff. In light of the Company's decision during that month to sell large amounts of gas on the open market, there should be no dispute that CGC's winter gas supply "significantly exceeds its requirements." See the 2020 Exeter Report, Section 5.4, Docket 07-00224.[9] Nevertheless, CGC has not offered to sell incremental gas to its on-system customers in over two (2) years despite customer requests. Based on these facts and other evidence that will be introduced at the upcoming hearing, CRMA will ask that the Commission deduct from CGC's rate base a significant and appropriate dollar amount to reflect the fact that the Company's storage assets are not "used and useful" for supplying incremental gas in accordance with the Company's tariff.

CRMA is clearly entitled to seek such relief in this docket. The Commission may not approve an adjustment in rates in an ARM proceeding unless the agency finds that the assets in the Company's rate base are "used and useful" in providing service and that an adjustment in rates to pay for those assets is "in the public interest." T.C.A. § 65-5-103(d)(5). It is not in the public

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[7] As shown in CGC's Response 1-11 to CRMA's discovery in Docket 22-00004, the Company is currently spending more than $16 million on improvements to its LNG storage system. These costs are recovered through base rates collected from all on-system customers, including interruptible transportation customers.

[8] The 2019 Settlement Agreement (Docket 19-00047) describes the ARM review process. The Agreement states in Section 12d that the Commission may exclude from rate base any plant additions that are not "used and useful" in CGC's regulated operations.

[9] See footnote 11 for a discussion of concerns previously raised by the Consumer Advocate and Exeter Associates over CGC's excess gas supply. Those concerns were first raised by the Advocate in 2007 and have been raised in each of the three Exeter audits.

interest to increase rates to transportation customers in order to pay for millions of dollars in improvements to the Company's LNG network if CGC is not using its LNG facilities to serve the same customers who are paying for it.

In addition to asking for a reduction in rate base, CRMA will ask that the Commission to make express findings that CGC violated both its tariff and its obligation to its customers by unreasonably refusing to sell excess gas to its jurisdictional customers while, at the same time, selling gas to non-jurisdictional buyers. Such findings may allow CGC's customers to file suits and recover damages from CGC.

Finally, in light of these violations, the Commission should open a "show cause" proceeding pursuant to T.C.A. § 65-2-106 to determine appropriate penalties and remedies for the Company's conduct.

The incremental gas issue is also relevant to this docket under Section 16 of the 2019 Settlement Agreement (Docket 19-00147). That section allows the Commission to make prospective changes in CGC's annual ARM filing. Given the importance of the incremental gas issue in the Company's last general rate case (Docket 18-00017) and the promises regarding that issue that were made —but not kept— by the Company.[10] CRMA asks the Commission to impose

[10] In Docket 18-00017, CRMA raised these same concerns over the Company's failure to aide by its incremental gas tariff. CGC witness Mr. James Bellinger (who is also testifying in this docket) acknowledged that CGC had not sold any incremental gas to CGC's interruptible customers since January, 2014 but acknowledged that in recent years CGC had provided a large amount of incremental gas to CGC's unregulated affiliate, Pivotal LNG, for sale to non-jurisdictional customers. Unrepentant, Mr. Bellinger refused even to acknowledge that CGC has an obligation to implement its tariff regarding the sale of incremental gas in a "reasonable" manner.

Because of these concerns CGC's attorney made the following announcement at the conclusion of the Company's case:

> And then, finally, to Mr. Walker's concerns in cross-examination from some of those large customers, and I'm sure others as well, this incremental gas issue - - what's available, what's not, what's really going on there. We would also like to make a proposal for a monthly reporting

new oversight mechanisms and reporting requirements to ensure that these tariff violations will not happen again. From this time forward, the incremental gas issue should be a part of every ARM filing and every triennial audit until the Commission orders otherwise.

Conclusion

Based on the long history of this issue and CGC's most recent conduct, it is clear that the Company will not comply with its tariff unless ordered to do so.[11] The purpose of this docket is to

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> mechanism that would, in essence, capture the number of inquiries by day, volumes that were requested each day, and the volumes that were approved . . . that were for sale, and that way the staff and the Consumer Advocate, and the association would have means of seeing exactly what it is that the company is doing with respect to this incremental gas, making it available to the large industrial customers and other customers that are interested. So we'll detail that information in our posthearing brief, but we look forward to the opportunity going forward to work with the staff and other parties to develop, and where approval by you is necessary, bring that back but, otherwise institute some of these reporting mechanisms in order to help facilitate our transparency on those issues.

Transcript of August 22, 2018, at 21-22. Similarly, CGC promised in its post-hearing brief (at 28), "When additional gas in excess of CGC's system needs [sic.], it can be made available."

[11] Concerns over CGC's excess spending on gas supply were first raised by the Consumer Advocate in Docket 07-00224. As the Advocate explained in its post-hearing brief in that docket at p. 5, "[T]he transportation and storage assets obtained by CGC are more than that which is required to meet the needs of its customers on a daily basis." Adopting the Advocate's recommendation, the Commission ordered "a triennial review of [CGC's] capacity planning" conducted by an independent consultant. Order issued September 23, 2009, at 5. Each of the subsequent triennial audits conducted by Exeter Associates found that CGC had excess gas capacity. In 2014, Exeter found that "even under severe weather conditions... CGC maintains capacity resources in excess of its requirements at most other times" and "[d]uring a winter in which severe weather conditions are experienced... would only require use" of approximately 25% of its maximum LNG storage inventory. 2014 Exeter Report, Section 5.3, Docket 07-00224. Similarly, the 2017 Report found that CGC "maintains capacity resources in excess of its requirements at most other times" and that even during a winter "in which severe conditions are experienced," CGC would be expected to use about 50% of its maximum LNG inventory. 2017 Exeter Report, Section 5.3, Docket 07-00224. The most recent Exeter Report adds the word "significantly," finding that CGC "maintains capacity resources significantly in excess of its requirements at most other times." 2020 Exeter Report, Section 5.3, Docket 07-00224. In the latest Report, Exeter states that during a severe winter, CGC would use "**only approximately 5%** of its maximum LNG storage inventory" (emphasis added), ie., only about 60,000 dekatherms out of 1.2 million, and that CGC's winter season capacity resources are "**nearly twice** the requirements anticipated under severe weather conditions." Emphasis added. Id.

Since the 2020 Exeter Report was completed, CGC has acquired even more pipeline capacity. Effective February 1, 2022, CGC has an additional 25,000 dekatherms per day, an increase of about 20% in pipeline capacity. Letter from Archie Hickerson to David Foster, February 10, 2022, Docket 21-00134.

ensure that CGC is appropriately compensated for providing gas service to its jurisdictional customers in accordance with the Company's tariffs. CGC has failed in that obligation, and this is the appropriate docket in which to address that failure.

Respectfully submitted,

By: ______________________

Henry Walker (B.P.R. No. 000272)
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
Phone: 615-252-2363
Email: hwalker@bradley.com

CERTIFICATE OF SERVICE

I hereby certify that I have on this 21st day of July, 2022, a copy of the foregoing document was served on the parties of record, via electronic email transmission and regular U.S. Mail, postage prepaid, addressed as follows:

Henry M. Walker

4864-8922-1418.19

Exhibit A

Walker, Henry

From:	Chance Donahue <Chance.Donahue@kordsa.com>
Sent:	Thursday, January 6, 2022 10:15 AM
To:	Teague, Paul M.; Leath, Paul C.
Cc:	Walker, Henry; Megan King (mking@tennam.com); (earl.burton@aeedinc.com)
Subject:	Request for Incremental Gas
Importance:	High

CAUTION — EXTERNAL EMAIL

Dear Paul/Paul,

With cold temperatures tomorrow, we are expecting high natural gas prices; and Chattanooga Gas could help manufacturer's by offering up incremental gas. It was our understanding in the last rate case that Chattanooga Gas would begin offering incremental gas to Chattanooga customers. It seems very reasonable since our LDC rates are been increased to pay for LNG upgrades in recent rate adjustments and we have yet to see a return. We would appreciate you inquiring with your gas supply folks and see if incremental could be offered starting Friday.

Sincerely,

Chance Donahue
CRMA Energy Committee

KORDSA
THE REINFORCER

Chance Donahue
Power Engineer

A: 4501 North Access Road
Chattanooga TN 37415-9990
T: 423-643-2746

www.kordsa.com
www.reinforcer.com

Walker, Henry

From: Teague, Paul M. <pteague@southernco.com>
Sent: Thursday, January 6, 2022 10:23 AM
To: Chance Donahue; Leath, Paul C.
Cc: Walker, Henry; Megan King (mking@tennam.com); (earl.burton@aeedinc.com)
Subject: RE: Request for Incremental Gas

CAUTION ? EXTERNAL EMAIL

Thanks for reaching out Chance. I'll send this along to Gas Supply and let you know what I hear back.

Paul Teague, P.E.
Director, External Affairs
Chattanooga Gas

404.693.5986 mobile
pteague@southernco.com

Chattanooga Gas

From: Chance Donahue <Chance.Donahue@kordsa.com>
Sent: Thursday, January 6, 2022 11:15 AM
To: Teague, Paul M. <pteague@southernco.com>; Leath, Paul C. <pleath@southernco.com>
Cc: Walker, Henry <HWALKER@bradley.com>; Megan King (mking@tennam.com) <mking@tennam.com>; (earl.burton@aeedinc.com) <earl.burton@aeedinc.com>
Subject: Request for Incremental Gas
Importance: High

EXTERNAL MAIL: Caution Opening Links or Files

Dear Paul/Paul,

With cold temperatures tomorrow, we are expecting high natural gas prices; and Chattanooga Gas could help manufacturer's by offering up incremental gas. It was our understanding in the last rate case that Chattanooga Gas would begin offering incremental gas to Chattanooga customers. It seems very reasonable since our LDC rates are been increased to pay for LNG upgrades in recent rate adjustments and we have yet to see a return. We would appreciate you inquiring with your gas supply folks and see if incremental could be offered starting Friday.

Sincerely,

Chance Donahue
CRMA Energy Committee

Walker, Henry

From: Teague, Paul M. <pteague@southernco.com>
Sent: Thursday, January 6, 2022 8:55 PM
To: Chance Donahue
Cc: Walker, Henry; Megan King (mking@tennam.com); (earl.burton@aeedinc.com); Leath, Paul C.
Subject: RE: Request for Incremental Gas

CAUTION ? EXTERNAL EMAIL

Chance,

See below from our Gas Supply group. This position is consistent with discussions we had this past spring/summer with TPUC staff around Asset Management issues and changes to how we solicit RFPs for an Asset Manager.

"The CGC LNG inventory is limited and it is being carefully managed by CGC to provide reliable deliverability to meet peak day conditions for those customers who pay for the asset. Being that this is the first week of January, it is much too early for CGC to consider offering supplemental sales of LNG inventory as supply for transportation customers. The LNG inventory may be needed to meet peak demand conditions as the heating season progresses."

This may evolve later on in the season, and as we understand more on the availability of our interstate gas.

Paul Teague, P.E.
Director, External Affairs
Chattanooga Gas

404.693.5986 mobile
pteague@southernco.com

Chattanooga Gas

From: Chance Donahue <Chance.Donahue@kordsa.com>
Sent: Thursday, January 6, 2022 11:15 AM
To: Teague, Paul M. <pteague@southernco.com>; Leath, Paul C. <pleath@southernco.com>
Cc: Walker, Henry <HWALKER@bradley.com>; Megan King (mking@tennam.com) <mking@tennam.com>; (earl.burton@aeedinc.com) <earl.burton@aeedinc.com>
Subject: Request for Incremental Gas
Importance: High

EXTERNAL MAIL: Caution Opening Links or Files

Dear Paul/Paul,

With cold temperatures tomorrow, we are expecting high natural gas prices; and Chattanooga Gas could help manufacturer's by offering up incremental gas. It was our understanding in the last rate case that Chattanooga Gas would begin offering incremental gas to Chattanooga customers. It seems very reasonable since our LDC rates are been increased to pay for LNG upgrades in recent rate adjustments and we have yet to see a return. We would appreciate you inquiring with your gas supply folks and see if incremental could be offered starting Friday.

Sincerely,

Chance Donahue
CRMA Energy Committee

Chance Donahue
Power Engineer

A: 4501 North Access Road
Chattanooga TN 37415-9990
T: 423-643-2746

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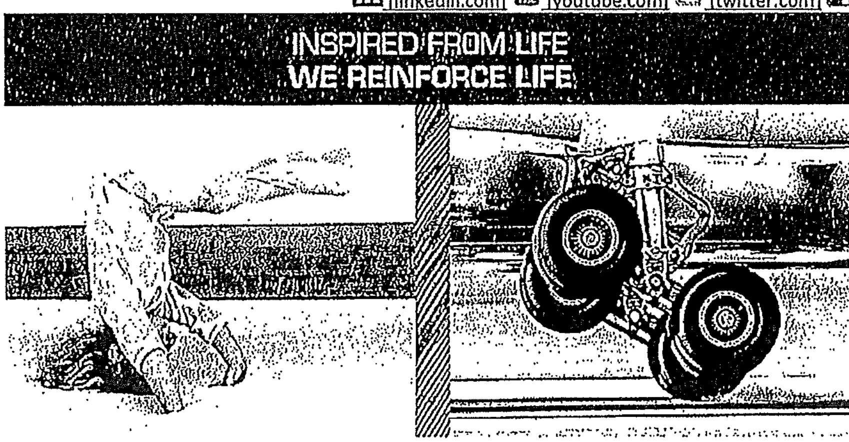

Exhibit B

Chattanooga Gas
Incremental Gas Report
January - 2022

Date	Chattanooga Gas Daily Balancing Order For Over Burns In Effect	Interruptible Customer Request For Incremental Gas Supply	Chattanooga Gas Incremental Gas Supply Offered	Chattanoo Incremental Volu Offe
01-01-2022	No	No	No	0
01-02-2022	Yes	No	No	0
01-03-2022	Yes	No	No	0
01-04-2022	Yes	No	No	0
01-05-2022	Yes	No	No	0
01-06-2022	Yes	No	No	0
01-07-2022	Yes	No	No	0
01-08-2022	Yes	No	No	0
01-09-2022	Yes	No	No	0
01-10-2022	Yes	No	No	0
01-11-2022	Yes	No	No	0
01-12-2022	Yes	No	No	0
01-13-2022	No	No	No	0
01-14-2022	No	No	No	0
01-15-2022	Yes	No	No	0
01-16-2022	Yes	No	No	0
01-17-2022	Yes	No	No	0
01-18-2022	Yes	No	No	0
01-19-2022	Yes	No	No	0
01-20-2022	Yes	No	No	0
01-21-2022	Yes	No	No	0
01-22-2022	Yes	No	No	0
01-23-2022	Yes	No	No	0
01-24-2022	Yes	No	No	0
01-25-2022	Yes	No	No	0
01-26-2022	Yes	No	No	0
01-27-2022	Yes	No	No	0
01-28-2022	Yes	No	No	0
01-29-2022	Yes	No	No	0
01-30-2022	Yes	No	No	0
01-31-2022	Yes	No	No	0