

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

June 24, 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 FIRST DISCOVERY REQUEST TO THE
CHATTANOOGA REGIONAL MANUFACTURERS ASSOCIATION**

These discovery requests are hereby served upon the Chattanooga Regional Manufacturers Association (“CRMA”) by Chattanooga Gas Company (“CGC” or “Company”) pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11, and the procedural schedule in this docket dated May 27, 2022. CGC requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure and the orders and rules of the TPUC. The CRMA’s responses are to be produced at the offices of Butler Snow LLP, 150 3rd Avenue South, Suite 1600, Nashville, TN 37201 as agreed upon by the parties on or before July 6, 2022, at 2:00 p.m. Central. Pursuant to the Commission’s requirements, emailed copies of responses also should be provided to Mr. Luna and Mr. Self.

PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information, and material available to the CRMA, as a party, whether it be the CRMA, in particular, or knowledge, information, or material possessed or available to the CRMA through its employees, representatives, agents, experts, or consultants.

These discovery requests are to be considered continuing in nature as is required by the Tennessee rules, and are to be supplemented from time to time as information is received by the CRMA or any of its employees, representatives, agents, experts, or consultants which would make a prior response inaccurate, incomplete, or incorrect.

For each discovery request, provide the name of the witness(es) or employee(s) responsible for compiling and providing the information contained in each response.

For purposes of these discovery requests, the term “you” shall mean and include the CRMA and all employees, agents, experts, consultants, and representatives thereof.

As used herein, the term “document” shall have the broadest possible meaning under applicable law. “Document” as used herein means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, electronic, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, work paper, spreadsheet, email note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. You shall produce the original and each copy, regardless of origin or location, of any document, including but not limited to any book, pamphlet, periodical, publication, letter, correspondence, note, report, survey, summary, draft, work paper, memorandum (including memoranda, note or report of a meeting or conversation), projection, comparison, evaluation, telephone call records, transcripts, witness statements, minutes or statistical compilation, spreadsheet, photograph, videotape, audio tape, computer disk, other electronic record or tape or printout, e-mail or electronic email files, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your

possession, custody or control. If any such document or thing was, but no longer is, in your possession or control, state what disposition was made of it and when.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each original document and identify the location of the original document. If the original document is itself a copy, that copy should be produced as the original.

If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

As used herein, the terms “and” and “or” shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

As used herein, the term “communication” means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

If you contend that you are entitled to refuse to fully answer any of the discovery requests, state the exact legal basis for each such refusal.

If any of the discovery requests are not answered on the basis of privilege or immunity, include in your response to each such request a written statement evidencing:

- a. A complete explanation of the privilege being asserted;
- b. The nature of the communication, document, or information;
- c. The date of the communication, document, or information;

- d. The identity of the persons present at such communication or who prepared the document or information; and
- e. A brief description of the communication, document, or information sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

“Identify” or “identifying” or “identification” when used herein with respect to any document means to provide a description of the document, including but not limited to the type of document (e.g., letter, memorandum, etc.), the date of the document, the title or label of the document, the identity of the person(s) who authored the document, was a recipient of the document, or possessed a copy of the document, and the current location of the document.

“Identify” or “identifying” or “identification” when used herein with respect to any person or entity means without limitation the name of the person or entity and the current contact information (including but not limited to the daytime telephone number and address).

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure, and the person instructing that the information be excluded.

DISCOVERY REQUESTS

1. On page 6 of his direct testimony beginning at line 6, Mr. Crist states: “In my experience, using the results from an COSS to develop class revenue requirements, utilities and regulatory authorities usually have a goal of moving the revenue recovered from each class as close as possible to the costs allocated to that class. That is, in each proceeding, regulators try to move class revenues more into line with cost-based rates.”
 - a. Identify all Dockets in which Mr. Crist has participated where the Regulatory Agency adopted a Class Cost of Service Study and a rate design based on that Class Cost of Service Study. Provide copies of the Order in each proceeding.
 - b. Identify any Docket in which Mr. Crist has participated where the Regulatory Agency adopted a rate design that was not based on a Class Cost of Service Study.
 - c. Is it Mr. Crist’s position that the Commission can consider only the cost of service by rate class when adopting a rate design? If not, please identify each other factor that the Commission can or should consider.
 - d. Please identify Dockets in which the Tennessee Public Utility Commission, the Tennessee Regulatory Authority, or the Tennessee Public Service Commission stated that the goal was to move class revenues from each class as close as possible to the costs allocated to that class.
 - e. Identify any Dockets in which the Tennessee Public Utility Commission, the Tennessee Regulatory Authority, or the Tennessee Public Service Commission adopted a Class Cost of Service Study and approved a rate design based on the Class Cost of Service Study. Provide copies of the applicable orders.

RESPONSE:

2. On page 5 of his direct testimony beginning at line 17 Mr. Crist state: “Classes whose return is greater than the system average (all classes except residential) are providing subsidies to the residential class. This is blatantly unfair, and does not conform to fundamental ratemaking principles and must be corrected. In this current ARM the Company choose to not correct this unfair allocation and distributed its requested increase to all classes by increasing each rate by 14.7%. This allocation must be rejected.”

- a. Is it Mr. Crist's and the CRMA's position that the Commission can't legally adopt a rate design that increased all rates a uniform percentage, but must adopt a rate design based on the Class Cost of Service Study?
- b. Is it Mr. Crist's and the CRMA's position that the Commission has no option but to increase Residential (Rates Schedule R-1) rates by a greater percentage than it increases the Interruptible rates (Rate Schedule T-1)?
- c. Is it Mr. Crist's and the CRMA's position that the rate design approved in Docket 21-00048 is unfair and unjust because it results in CGC's return from service provided under the Residential Rate Schedule R-1 being less than the return from other service provided under other Rate Schedules?
- d. Is it Mr. Crist's and the CRMA's position that the Commission failed to conform to fundamental ratemaking principles when it approved the current rates in Docket 21-00048?

RESPONSE:

- 3. On page 7 of his direct testimony beginning at line 8, Mr. Crist states: "Therefore, Mr. Hickerson should be directed to redo his cost allocation so that each class rate of return is equal to the Company's rate of return. Such leveling of rates will eliminate the cross-subsidization currently experienced."
 - a. Is it Mr. Crist's and the CRMA's position that it would be illegal for the Commission to adopt the rate design proposed by CGC in this proceeding? Please explain.
 - b. Is it Mr. Crist's and the CRMA's position that a rate design that does not result the return from service provided under all Rate Schedules being equal is unfair, unjust, or illegal?

RESPONSE:

4. On page 13 of his direct testimony beginning at line 18, Mr. Crist states: “Should the Commission wish to gradually move to the correct cost allocations that are based fully on cost causation, in the alternative, at the very least the averaging of the two studies should be adopted.”
 - a. Please identify the “two studies” that should be averaged.
 - b. Please identify other approaches that could be adopted if the Commission wishes to gradually move to rates based fully on cost causation.

RESPONSE:

5. On page 9 of his testimony Mr. Crist states: “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, its affiliate 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 current sharing mechanism, Sequent retained 50% of those revenues.”

Provide all documents in Mr. Crist’s or CRMA’s position that supports the statement: “The reason it needed to use LNG was because the asset manager, its affiliate Sequent Energy Services (“Sequent”), was diverting some of CGC’s capacity for sale off-system.”

RESPONSE:

6. On page 4 of his testimony, Mr. Donahue States: “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 have saved as much as \$25,000-\$30,000 per day. Without any benefits from incremental gas, we estimated that our additional gas costs were \$350,000 for the month of January alone.”

Provide in an Excel spreadsheet format with formulas the calculation of the \$25,000 to \$30,000 per day that Kordsa could have saved, and the computation of the estimated additional gas costs of \$350,000. Identify and explain all assumptions used in calculating these amounts.

RESPONSE:

7. In his testimony, Mr. Crist identifies utilities where he was previously employed.
- a. Identify each of the utilities where Mr. Crist was previously employed that had Liquefied Natural Gas (LNG) facilities.
 - b. Identify each of the utilities identified in A that offered incremental gas service to interruptible transportation customers.
 - c. Provide copies of the applicable tariff sections that address incremental gas service for each utility identified in B.
 - d. Identify any utility identified in A that provided firm back up service to interruptible customers using the LNG facility.
 - e. Provide copies of the applicable tariff sections that address incremental gas service for each utility identified in D.

RESPONSE:

Respectfully submitted this 24th day of June, 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 First Set of Discovery to the Chattanooga Regional Manufacturers Association have been forwarded via electronic mail on this the 24th day of June, 2022 to:

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