

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

IN RE:)	
)	
CHATTANOOGA GAS COMPANY)	
PETITION FOR APPROVAL OF AN)	DOCKET NO. 18-00017
ADJUSTMENT IN RATES AND)	
TARIFF; THE TERMINATION OF THE)	
AUA MECHANISM AND THE)	
RELATED TARIFF CHANGES AND)	
REVENUE DEFICIENCY RECOVERY;)	
AND AN ANNUAL RATE REVIEW)	
MECHANISM)	

**SECOND DISCOVERY REQUEST
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION
TO CHATTANOOGA GAS COMPANY**

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This Second Discovery Request is hereby served upon Chattanooga Gas 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. The Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20th Floor, Nashville, Tennessee 37243, c/o Wayne M. Irvin, on or before 4:00 p.m. (CDT), May 8, 2018, or at such other time as may be ordered by the Hearing Officer in the adoption or approval of a procedural schedule in this TPUC Docket.

PRELIMINARY MATTERS AND DEFINITIONS

These additional discovery requests incorporate the same Preliminary Matters and Definitions set forth in the *First Discovery Request of the Consumer Protection and Advocate Division to Tennessee Chattanooga Gas Company* filed March 20, 2018, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by CGC and any CGC affiliate which would make a prior response inaccurate, incomplete, or incorrect. Further, to the extent that some responses may contain confidential information, clearly and conspicuously mark those responses that CGC asserts are confidential and separate these responses from the public filing. CGC shall also comply with any other requirements in the Protective Order.

In addition, the Consumer Advocate reserves the right to supplement this Second Discovery Request with additional requests based on incomplete, ambiguous, or late-filed responses by CGC to the Consumer Advocate's First Discovery Request filed on March 20, 2018, and the Consumer Advocate's Supplement to First Discovery Request filed on April 13, 2018.

SECOND DISCOVERY REQUESTS

Revenue Requests

- 2-1 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment F regarding revenue workpapers. Specifically refer to the "New Growth Attrition" tab of this spreadsheet that provides supporting data for new meters. Provide the source and support for the residential new meters in Columns C through N that are presented as hard-coded numbers.

RESPONSE:

- 2-2 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment F regarding revenue workpapers. Specifically refer to the "New Growth Attrition" tab of this spreadsheet that provides supporting data for new meters. Provide the source and support for the commercial new meters in Columns C through N that are presented as hard-coded numbers.

RESPONSE:

- 2-3 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column C of this spreadsheet (labeled as "MRD Average Cycle Billed Days Per Month") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

- 2-4 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column D of this spreadsheet

(labeled as “SDD 65”) from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-5 Refer to the spreadsheet included with the Company’s response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the “Normalized UPC” tab of this spreadsheet that provides supporting data for the Company’s forecasted usage per customer. Provide the source and support for the information contained in Column F of this spreadsheet (labeled as “Residential”) from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-6 Refer to the spreadsheet included with the Company’s response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the “Normalized UPC” tab of this spreadsheet that provides supporting data for the Company’s forecasted usage per customer. Provide the source and support for the information contained in Column G of this spreadsheet (labeled as “C-1”) from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-7 Refer to the spreadsheet included with the Company’s response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the “Normalized UPC” tab of this spreadsheet that provides supporting data for the Company’s forecasted usage per customer. Provide the source and support for the information contained in Column H of this spreadsheet (labeled as “C-2”) from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-8 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column I of this spreadsheet (labeled as "Commercial") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-9 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column J of this spreadsheet (labeled as "Residential Volume in Therms") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-10 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column K of this spreadsheet (labeled as "Commercial Volume in Therms") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-11 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column L of this spreadsheet (labeled as "C-1 Volume in Therms") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-12 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column M of this spreadsheet (labeled as "C-2 Volume in Therms") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-13 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column W of this spreadsheet (labeled as "Rate Case 30 Yr Weather") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-14 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "Normalized UPC" tab of this

spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for the information contained in Column X of this spreadsheet (labeled as "2017-2018 MRD") from January 2010 through December 2020 that is presented as a hard-coded number.

RESPONSE:

2-15 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment G regarding revenue workpapers. Specifically refer to the "FPWdata" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for all information included on this spreadsheet that is presented as a hard-coded number.

RESPONSE:

2-16 Refer to the spreadsheet included with the Company's response to CPAD 1-4, Attachment H regarding revenue workpapers. Specifically refer to the "FPWdata" tab of this spreadsheet that provides supporting data for the Company's forecasted usage per customer. Provide the source and support for all information included on this spreadsheet that is presented as a hard-coded number.

RESPONSE:

2-17 Refer to the Company's revised response to CPAD 1-24 regarding the conversion of volumetric meter readings to therm billing data. Provide a copy of the volumetric conversion calculation for December 2017 that ties to the volumetric meter readings and the therm billing data for each tariff classification.

RESPONSE:

2-18 Refer to the Company's response to CPAD 1-2, Attachment A, regarding the monthly trial balance. Provide the detail supporting Account 402300 – LNG Sales by customer and by month from January 2010 through December 2017, showing sales volumes, sales rate and revenue received. In addition, provide information on the associated cost of LNG sold by month from January 2010 through December 2017, identifying the account charged and how the cost rate was determined for each month.

RESPONSE:

2-19 Refer to the Company's response to CPAD 1-2, Attachment A, regarding the monthly trial balance regarding the detail supporting Account 402300 – LNG Sales by customer. Has the Company included the proceeds from LNG Sales in its cost of service calculation? If so, provide the specific account(s) in which such proceeds from LNG Sales are included in its cost of service calculation. If not, provide the specific account(s) in which and methodology by which the Company has allocated the cost of its LNG facility to unregulated operations. In addition, explain fully and with specificity the Company's rationale for the accounts and methodology in which the Company includes the proceeds from LNG Sales.

RESPONSE:

2-20 Refer to the Company's response to CPAD 1-2, Attachment A, regarding the monthly trial balance regarding the detail supporting Account 402300 – LNG Sales by customer. Provide the source and support for the determination of the sales rate charged to each LNG customer by month from January 2010 through December 2017.

RESPONSE:

2-21 Refer to the Company's response to CPAD 1-2 regarding the monthly trial balance for Chattanooga Gas Company from January 2010 through December 2017. Provide this same information in this same format for Southern Company Gas.

RESPONSE:

2-22 Refer to the Company's response to CPAD 1-2 regarding the monthly trial balance for Chattanooga Gas Company from January 2010 through December 2017. Provide this same information in this same format for AGL Services Company.

RESPONSE:

2-23 Refer to MFG 60a, as filed by the Company. Specifically refer to page 3 of 4 within MFG 60a. With respect to the Gross Receipts Tax, it would appear the Processing Lead is not correct on MJA-2, within the Taxes tab.

- (a) Confirm that gross receipts taxes are not paid prior to the actual collection from customers.
- (b) Confirm that based upon the statement from the Tennessee Department of Revenue on page 3 of the referenced document that the Processing Lead would be a positive 32 days rather than a negative 339 days.
- (c) Regarding page 3 of the pdf, differentiate the Reporting Period and the Taxable Period as it relates to the underlying collection and submission of the Gross Receipts Tax.

RESPONSE:

2-24 Refer to Schedule RDJ 2-3 attached to the testimony of Company witness Johnson. Specifically refer to cells E 29 – E 32 in that Schedule. These are hard coded cells. Provide the underlying calculations and support for the numbers contained in these cells.

RESPONSE:

2-25 Refer to MJA-2 attached to the testimony of Company witness Adams. Specifically refer to the "Payroll" tab within that Excel file.

- (a) Confirm that the payroll data does not include the amounts contained in columns X, Z and AB within the “IS Detail MFG 25-2” tab, within the CGC TPUC MFG Item 25-1 file.
- (b) If this is confirmed, provide a comprehensive explanation why such adjusting amounts, while included in the proposed revenue requirement, were not included within the lead lag calculation.
- (c) If this not confirmed, reconcile the payroll data contained in tab “IS Detail MFG 25-2” with the payroll data contained in MJA-2 within the “Payroll” tab.

RESPONSE:

2-26 Refer to the spreadsheet included as the “Rate Case Revenue Model” with the Company’s response to MFG 25 regarding revenue workpapers. Specifically refer to Cell V20 of the “Commercial” tab of this spreadsheet that provides a monthly “C2 DDDC per Customer in Dths” for the attrition year of 16.929879. Provide the source and support for the calculation of this amount that is presented as hard-coded number.

RESPONSE:

2-27 Refer to the spreadsheet included as the “Rate Case Revenue Model” with the Company’s response to MFG 25 regarding revenue workpapers. Specifically refer to Cells D20 to V20 of the “Commercial” tab of this spreadsheet that provides the historical monthly “C2 DDDC per Customer in Dths” from January 2016 through June 2017. Provide the source and support for the calculation of these amounts that are presented as hard-coded numbers.

RESPONSE:

2-28 Refer to the spreadsheet included as the “Rate Case Revenue Model” with the Company’s response to MFG 25 regarding revenue workpapers. Specifically refer to Columns “H” and “I” of the “Industrial Consumption” tab of this spreadsheet that contains the DDDC Demand

and Capacity factors for each customer. Provide the source and support for the calculation of these amounts that are presented as hard-coded numbers.

RESPONSE:

2-29 Refer to the spreadsheets included with the Company's response to CPAD 1-17, Attachments C and D regarding billing capacity and demand. Provide the monthly billing capacity and billing demand by customer for each tariff from January 2010 through December 2017.

RESPONSE:

2-30 Refer to the Company's Economic Development Gas Service (EDGS-1) tariff included as Exhibit ARH-2 to Mr. Hickerson's testimony. Provide a copy of all EDGS contracts that the Company has entered into since January 2010. In addition, identify the components of any EDGS contracts that the Company currently anticipates entering into through December 2019.

RESPONSE:

ADIT Requests

2-31 Refer to the Company's response to CPAD 1-159, part (a). Provide the theoretical rationale supporting an increase in rate base (reduction in ADIT liability) resulting from the reclassification of TN excise tax from a franchise tax to an income tax. How did this reclassification result in a reduction of customer provided ADIT, thus increasing rate base?

RESPONSE:

2-32 Refer to MFG 69-1, as filed by the Company. Specifically refer to tab "Forfeited Disc Factor – MFG 69-14). Provide a comprehensive explanation supporting the ratemaking rationale for the elimination of excess deferred income taxes totaling \$5.5 million as an offset to rate base.

RESPONSE:

2-33 Refer to MFG 69-1, as filed by the Company. Specifically refer to Tab “ADITs MFG 69-8 page 4 of 5” within that MFG. Provide the ‘gross’ book/tax timing differences contained on this schedule before application of the federal and state tax rates. Provide the calculation of the effective tax rate that is then applied to the ‘gross’ book/tax timing differences.

RESPONSE:

2-34 Provide all journal entries made on the books of CGC to record, as of the date of the Company’s response to this request (and supplementing this request as additional entries are made) the impact of the Tax Cuts and Jobs Act (TCJA). For each journal entry, include the date of the entry along with a full explanation supporting the reasoning for the entry and all workpapers supporting each amount contained in the journal entries.

RESPONSE:

2-35 Provide all journal entries recorded, as of the date of the Company’s response to this request (and supplementing this request as additional entries are made), on the books of CGC resulting from the TPUC order in Docket 18-00001. For each journal entry, include the date of the entry along with a full explanation supporting the reasoning for the entry and all workpapers supporting each amount contained in the journal entries. For the avoidance of doubt, this response should be updated monthly.

RESPONSE:

2-36 Refer to MFG 69-1, as filed by the Company. Specifically refer to Tab “ADITs MFG 69-8 page 1 of 5” within that MFG.

- (a) Provide a complete explanation for the inclusion of the word “Proration” in Excel rows 11 and 12.

- (b) To the extent there are basis differences embedded within the items identified as property on lines 8 and 11 of this worksheet, segregate such balances between basis and non-basis (temporary) differences.

RESPONSE:

2-37 Refer to the Company's response to CPAD 1-165. With respect to AFUDC Debt and Equity differences, state and explain fully and with specificity the basis required by the IRS for the capitalization of debt.

RESPONSE:

2-38 Relating to the Company's response to CPAD 1-163, provide the annual tax depreciation taken on CGC assets that corresponds to the book depreciation contained in Attachment 163b. Provide the supporting calculations for such tax depreciation, including the various tax depreciation rates applied to each asset class and vintage.

RESPONSE:

2-39 Refer to the Company's response to CPAD 1-166a and CPAD 1-160a. Specifically refer to the tab "Attachment1-166a Fed" within CPAD 1-166a and Attachment 1-160a within CPAD 1-160a. The 2017 current year book/tax timing differences are identified as \$7.96 million within Attachment 1-160a. Provide a reconciliation of the 2017 amounts identified within the tab "Attachment1-166a Fed" to this \$7.96 million total identified within Attachment CPAD 160a. If these amounts cannot be reconciled, provide a complete explanation why such reconciliation is not possible.

RESPONSE:

Labor O&M Requests

2-40 Refer to the Company's response to CPAD 1-345. Specifically refer to the monthly CGC based payroll costs charged to O&M in 2015 – 2017. Confirm that these historic labor costs are comparable to the identification of Payroll Expenses estimated for the attrition period of \$3,594,761 as shown in cell B11 within "COSS IS Summary MFG 25-1" of MFG 25-1. If this is not confirmed, provide the corresponding identification of attrition period payroll expenses by account as shown within tab "IS Detail 25-2" of MFG 25-2 that is comparable to the historic information provided in CPAD 1-345.

RESPONSE:

2-41 Refer to MFG 25-1 as filed by the Company, specifically tab "COSS IS Summary MFG 25-1". Refer to Payroll Expenses identified within the column "FERC Adjustments" within that MFG. Confirm that this level of payroll is either allocated or assigned by CGC affiliates.

RESPONSE:

2-42 Refer to MFG 25-1, as filed by the Company. Specifically refer to Payroll Expenses identified within the column "FERC Adjustments" within that MFG. Provide this information, on a monthly basis for the period 2015 – 2017, further segregated and identified by the affiliate originally incurring such cost.

RESPONSE:

2-43 Refer to MFG 25-1, as filed by the Company. Specifically refer to tab "COSSIS Summary MFG 25-1" that shows a FERC Adjustments column which includes an adjustment of \$504,214 identified as 401k benefits. Provide the source and support, including all related workpapers, for such increase, along with a full and complete explanation for such payroll related cost increase. In your response, include a detailed breakout of the specific types of costs comprising

this balance. Further, in your response, include a detailed breakout of the specific types of costs comprising this balance. In addition, fully explain whether this adjustment relates to the FERC adjustment to payroll identified as \$3,572,054 as contained within MFG 25-1.

RESPONSE:

2-44 Refer to the Company's response to CPAD 1-141a.

- (a) Confirm that the amount identified as Allocated is that amount included on the books of CGC.
- (b) Indicate whether any of the employees' costs are charged to non-regulated entities and if so, how such costs assignments were determined in 2017 and provide all support for the particular cost assignment.
- (c) Refer to tab "IS Detail MFG 25-2" within MFG 25-1 and explain why none of the account distribution included within the response within CPAD 141a includes accounts identified as "Allocation from AGSC".

RESPONSE:

Non Labor O&M Requests

2-45 Refer to the Company's response to CPAD 1-175. Provide a copy of all invoices received to date which are being deferred as rate case costs.

RESPONSE:

2-46 Refer to the testimony of Company witness Dallas. Page 14 of Mr. Dallas' testimony references the replacement of the CIS billing system with that of the Customer Care and Billing System (System) and indicates the new System will enable CCG to more efficiently and effectively manage work on behalf of its customers.

- (a) Provide the date the new System was placed in service.
- (b) Provide the actual cost of the new System and confirm that it has been recorded on the books of AGSC. If not, indicate the entity where the System has been recorded and the accounts in which it has been recorded.

- (c) Confirm that this System does not provide billing for Southern Company electric customers and, further, state any entity other than CGC for which this system provides billing services.
- (d) Provide all materials, including presentations, memos etc. made to management in support of approval of the System. This material should include, but not be limited to, the estimated impacts of the System on O&M costs, estimated capital costs, and implementation strategies.
- (e) Provide the annual customer call volume from CGC customers for the period 2015 – 2017.
- (f) Provide a copy of all internal memos and/or reports for the three months after the in-service date which describe the implementation results of the new System.

RESPONSE:

2-47 Identify whether there is a department or group within CGC, AGSC, SGS, or the Southern Company whose responsibilities largely include process improvement and/or identifying potential operating efficiencies. For any such department/group, provide its name, the organization in which such department or group resides, the costs incurred during the test period and the amount of costs either direct charged or allocated to CGC during the test period, along with an identification of the account(s) charged.

RESPONSE:

2-48 Refer to the Company's revised response to CPAD 1-6a. The Attachment provided along with that response appears to be based upon 2017 actual results as it references 2017 gas earnings per share, however the column title is identified as 2018 final budget. Clarify whether this information is 2017 actual information or 2018 budget information.

RESPONSE:

2-49 Refer to the Company's revised response to CPAD 1-6, which states in part: "Further, the slides are based upon the budgeted net income of the operating units, and the CGTC budget information previously provided has the budgeted net income number utilized...". The attachment to the Company's response to CPAD 1-6 (distinguished from the Company's response to CPAD 1-6a) includes a reference to Final Budget FY 18. State which 2018 budget version was incorporated within the current filing: "Working Budget" or "Final Budget". Explain your response fully and with specificity.

RESPONSE:

- 2-50 Refer to MFG 69-1, as filed by the Company. Specifically refer to tab "MFG 69-5 PG 1 of 2".
- (a) Provide an excel file with cell references for columns L and N.
 - (b) Provide a comprehensive narrative explaining why the "Updates to Budget" amount found within tab "IS Detail MFG 25-2" of MFG 25-1 is so large for this item.
 - (c) Provide a reconciliation for the Attrition Period Margin less damage billings found within cell L50 of tab "Reserves MFG 69-5 PG 1 of 2".

RESPONSE:

- 2-51 Refer to MFG 26-1, as filed by the Company, and which provides a summary of affiliate transactions with CGC. Notably absent is any reference to SCS. Further refer to tab "IS Detail MFG 25-2" in MFG 25-1, as filed by the Company, and which contains a significant amount of allocated costs referenced from SCS for the twelve months ended June 2018. State whether or not CGC receives allocated costs from SCS through AGSC, provide a detailed methodology used and explanation of any such allocated costs, and provide the accounts used for such allocations.

RESPONSE:

2-52 The Company's response to CPAD 1-351 includes a copy of the Cost Accountability and Control Manual for Southern Company Services. Confirm that this Manual does not incorporate AGLSC.

RESPONSE:

2-53 Refer to the Company's response to CPAD 1-351. Provide a copy of Exhibits A-H referenced within this document.

RESPONSE:

2-54 Refer to the Company's response to CPAD 1-7. Provide all documents presented to The Southern Company's senior management **subsequent to the acquisition** of AGLR, which contain any information on implications of the acquisition on costs and operations. If there are no such documents, so state.

RESPONSE:

2-55 Refer to the Company's response to CPAD 1-8. Provide all documents presented to The Southern Company's senior management which provide projections of the impact of the AGL Resources transaction on the Operating Costs to The Southern Company **prepared prior to the completion of the transaction.**

RESPONSE:

- 2-56 Refer to MFG 25-1, as filed by the Company. Specifically refer to tab "IS Detail MFG 25-2".
- (a) Provide a complete explanation and definition of the nature of accounts 671403 and 671409. Include in this definition what is meant by the term "Chargeback"
 - (b) Define the entities or terms identified as "SOPS" and "DOPS" referenced on within MFG 25-2 in various accounts.

- (c) Provide the titles of employees whose budgeted costs are included within account 671448 Allocated Executive – SOPS. For each such employee, identify the entity(ies) for which each such employee works.
- (d) Provide the titles of employees whose budgeted costs are included within account 672550 Allocated Employee SVCS - SCS. For each such employee, identify the entity(ies) for which each such employee works.

RESPONSE:

2-57 Refer to MFG 25-1, as filed by the Company. Specifically refer to “IS Detail MFG 25-2”.

Regarding the column titled “Service Comp Allocation – FERC”, provide the account distribution (charges) with amounts that offset the credits for the following accounts:

- (a) 672550 Allocated Employee SVCS – SCS
- (b) 671416 Allocated Call Center

RESPONSE:

2-58 Refer to MFG 25-1, as filed by the Company. Specifically refer to tab “IS Detail MFG 25-2”.

Regarding the column titled “Service Comp Allocation-FERC”, provide the account distribution (credits) with amounts that offset the charges for the following accounts:

- (a) 670200 Outside Services Employed
- (b) 600120 Pay A&G Salaries

RESPONSE:

2-59 Refer to the Company’s response to CPAD 1-149. To review and analyze SCS costs that are being are charged to CGC via AGSC, provide a copy of all SGC costing reports identifying the costs charged to each of its affiliates, including, but not limited to AGSC, for the period 2014 – 2017. These reports should also include all variance analysis comparing budgeted to actual costs including the narrative explanation for such variances.

2-60 Refer to MFG 57, as filed by the Company. Reconcile the statement made within MFG 57 that no lobbying costs are included in costs to be recovered in the rate case with the account distributions and information contained within the job descriptions provided within the Company's response to CPAD 1-141.

RESPONSE:

2-61 Refer to MFG Item 56-2.

- (a) With further reference to the total attrition period budgeted charges of \$5,143,634, provide the amount of originating charges by entity. For example, provide the portion of this total whose costs originate with The Southern Company, SCS, AGSC and any other entity whose costs originate with an affiliate and then is subsequent allocated/assigned to AGSC and then subsequently to CGC.
- (b) The heading to Schedule 56-2 uses the phrase "Allocated". Does this spreadsheet include charges that are direct assigned to CGC? Define the word "Allocated" with specificity as to the information represented within this schedule.

RESPONSE:

2-62 Refer to the Company's response to CPAD 1-114, and specifically to attachments 1-114b and 1-114c. State whether this represents all labor charged to CGC from all affiliates, including both allocated and direct charged labor. If not, provide such an analysis identifying all labor charged to CGC by all affiliates.

RESPONSE:

2-63 Refer to the Company's response to CPAD 114c. Provide the underlying support for the following CGC allocation ratios:

- (a) FTE by BU
- (b) Composite Rate
- (c) End Use Customers

(d) Call Center 1

Include in your response the underlying source and support for such ratios, and include the underlying data from all CGC affiliates that impact the ratio. Further, include in your response the rationale for the use of each of the requested ratios.

RESPONSE:

Rate Base

2-64 Refer to MFG Items 71-1 and 71-2 provided by the Company. Identify the original cost and accumulated depreciation as of December 31, 2017 associated with any **common** plant that is used in part or in total to comply with PHMSA Part 192, subsections O and P. Provide the name and functionality of each asset. For purposes of this request this would not include CGC direct assets such as mains, services, etc.

RESPONSE:

2-65 Refer to MFG Items 64-1, 64-3 and 64-5 provided by the Company. Provide the average cost per i) installed service line and ii) mile of installed main, by year for the period 2015 – 2017.

RESPONSE:

2-66 Refer to MFG Items 64-1 through 64-6 provided by the Company. Indicate whether construction is done with internal labor, outside contractors or some combination of the two.

RESPONSE:

Depreciation

2-67 Refer to MFG 25-1. Specifically refer to tab “IS Detail MFG 25-2” that refers to footnotes N and O within that MFG. Provide or provide a reference to the supporting workpapers which

provide the pro-forma Depreciation Expense calculation which ties to the attrition period Depreciation expense balance.

RESPONSE:

2-68 Refer to the Company's response to CPAD 1-31. Provide the annual retirements split between the three retirement categories identified within the Company's response to CPAD 1-31 for the years 2015 – 2017.

RESPONSE:

2-69 Refer to the Company's responses to CPAD 1-31 and 1-32. State whether removal costs are recorded for General Plant Retirements (item b) and All-Others (item c), as referenced within CPAD 1-32.

RESPONSE:

- 2-70 Refer to MFG 67-1, as filed by the Company, and the Company's response to CPAD 1-77.
- (a) Further referring to the Company's response to CPAD 1-77, identify which set of columns represents Removal Costs.
 - (b) Provide a comprehensive explanation for the significant reduction in removal costs in 2016 compared with that of 2015, as reflected in MFG 67-1.

RESPONSE:

- 2-71 Refer to the testimony of Company witness Watson. Specifically refer to Exhibit DAW-2.
- (a) Further refer to page 44 of 102 which indicates the activity in General Plant was impacted by CGC's sale of building, leaving no depreciable investment in Account 390. For each building sale, provide:
 - i. An identification of the location of the asset sold
 - ii. An identification of the purchaser of the asset
 - iii. The date of the sale
 - iv. The Original Cost of building

- v. The Accumulated Depreciation at the date of the sale
 - vi. All accounting entries recording the sale transaction.
- (b) Define the term 'Vintage Group Amortization' as is used throughout the study.
- (c) Provide a comprehensive explanation for the use of a 5-year period to amortize the reserve surplus associated with general plant. Further, provide the theoretical justification for a 5-year reserve amortization period while the company requests a three-year amortization of rate case costs.

RESPONSE:

2-72 Refer to the testimony of Company witness Johnson. Further, refer to Exhibit RDJ-1 attached to that testimony. Provide the pro-forma calculation of depreciation expense by plant account and proposed depreciation/amortization rate in an excel spreadsheet with formulas intact that ties to the Pro Forma Attrition period Depreciation Expense.

RESPONSE:

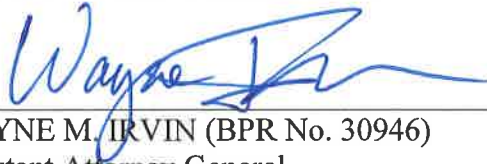
Cost of Capital

2-73 Refer to the Company's response to CPAD 1-186 and attachment CPAD 1-186. Explain fully and with specificity the negative entries for December 2016 and August 2017 shown on attachment CPAD 1-186.

RESPONSE:

[signature page follows]

RESPECTFULLY SUBMITTED,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 24th day of April, 2018.



Wayne M. Irvin