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

IN RE:	)	
	)	
CHATTANOOGA GAS COMPANY PETITION FOR APPROVAL OF AN 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	)	**DOCKET NO. 18-00017**

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

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This Second Supplement to First Discovery Requests 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 18, 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 Supplement to First Discovery Requests 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 SUPPLEMENT TO FIRST DISCOVERY REQUESTS

1-357 Refer to the Company's response to CPAD 1-17, and specifically refer to Attachment CPAD-1-17a regarding the customer counts for the T-1 tariff. Specifically note the drop off in customers on this rate schedule from 29 in 2010 to 17 in 2017. Identify the customers that have left this rate schedule and indicate whether this is due to transfers to a different tariff or to plant closures.

RESPONSE:

1-358 Refer to the Company's response to CPAD 1-17, and specifically refer to Attachments CPAD-1-17c and CPAD-1-17d regarding the billing demand units and the capacity demand units for the T-1 tariff. Reconcile and explain the differences between these two schedules (e.g. 2016 total billing capacity equals 1,168,958 while 2016 billing demand equals 1,160,199).

RESPONSE:

1-359 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 the "T-1" tab of this spreadsheet. Explain the elimination of Alstom Power Turbomachines, Atlanta Terminal (Account 28-9-01600), and Pilgrim's Pride from this rate schedule. Specifically, were these customers deleted because of closures or transfers to another tariff?

RESPONSE:

1-360 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 the "F-1 T-2" tab of this spreadsheet. Explain the elimination of Johnston Coca-Cola Bottling Co. from this rate schedule. Specifically, was this customer deleted because of a closure or transfer to another tariff? If this customer was deleted because of transfers to another tariff, state the tariff to which it was transferred.

RESPONSE:

1-361 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 the "F-1 T-2 T-1" tab of this spreadsheet. Explain fully and with specificity the elimination of Pilgrim's Pride from this rate schedule. Specifically, was this customer deleted because of a closure or transfer to another tariff? If this customer was deleted because of transfers to another tariff, state the tariff to which it was transferred.

RESPONSE:

1-362 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 the "T-3" tab of this spreadsheet. Explain fully and with specificity the elimination of Alstom Turbomachines, Alstom Power Turbomachines, Burner Systems, and Memorial Medical Office Bldg. from this rate schedule. Specifically, were these customers deleted because of closures or transfers to another tariff? If these customers were deleted because of transfers to another tariff, state each such entity and the tariff to which it was transferred.

RESPONSE:

1-363 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 the "T-3" tab of this spreadsheet. Explain why the billing demand for Alstom Turbomachines, Alstom Power Turbomachines, and Burner Systems is included in the PGA Demand calculation but not in the Billing Demand calculation. If this is an error, provide an updated calculation. If this is not an error, explain fully and with specificity the Company's rationale for this calculation.

RESPONSE:

1-364 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 the "T-3" tab of this spreadsheet. It appears that the attrition period billing demand for this rate schedule has been priced out at the PGA demand rate of $7.8751/dkt instead of the base rate billing demand charge of $5.50/dkt. If this is an error, provide an updated calculation. If this is not an error, explain fully and with specificity the Company's rationale for this calculation.

RESPONSE:

1-365 Refer to the Company's response to CPAD 1-18, and specifically Refer to Attachment CPAD-1-18a Confidential regarding the Company's negotiated contract with E. I. du Pont de Nemours Company that was approved by the TPUC on July 18, 2000 in Docket 99-00908. Provide a copy of any approval from the TPUC to assign that contract and/or the rates contained in this negotiated contract first to Invista and later to Kordsa. Provide a copy of any communication or other document between the Company and the TPUC related to the assignment or transfer of the referenced contract and/or any right or obligation under that contract.

RESPONSE:

1-366 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 the "Special Contract Rates" tab of this spreadsheet regarding the commodity rate for Kordsa on row 13. Compare and contrast this rate with the commodity rates approved in the Special Contract assigned to Kordsa in Paragraph 11 of Attachment CPAD-1-18a in the Company's response to CPAD 1-18. If the commodity rate assigned to Kordsa in the Company's revenue model is in error, then provide an updated calculation. If the commodity rate assigned to Kordsa is not in error, then explain in detail and with specificity the Company's rationale for this calculation.

RESPONSE:

1-367 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 the "Special" tab of this spreadsheet regarding the Special Contract revenue from Kordsa. It appears that the Company has charged Kordsa twice for the PGA Demand rate on rows 102 and 103 of this spreadsheet. It also appears that the Company has charged Kordsa a third time for the PGA Demand rate on row 317 of the "Attrition Year" tab of this spreadsheet. If the PGA Demand rate charged to Kordsa in the Company's revenue model is in error, then provide an updated calculation. If the PGA Demand rate assigned to Kordsa is not in error, then explain in detail and with specificity the Company's rationale for this calculation.

RESPONSE:

1-368 Refer to the Company's response to CPAD 1-17, and specifically refer to the spreadsheet included as Attachment CPAD-1-17d. Specifically refer to the "Special Contract" tab of this spreadsheet for the billing demand units assigned to the Special Contract customers. Explain in detail and with specificity how the billing demand units for the two Special Contract customers is calculated and why it has not changed since January 2010.

RESPONSE:

1-369 Refer to the Company's response to CPAD 1-18, and specifically refer to Attachment CPAD-1-18b Confidential regarding the Company's negotiated contract with Volkswagen that was approved by the TPUC on March 9, 2015 in Docket 14-00118. Next, specifically refer to "Exhibit C" of this contract that provides a sample billing calculation and includes a provision for a main extension charge that is referenced in Paragraph 5 of the contract. Provide the details of where the Company has included the impact of the cash flow from these main extension charges in the cost of service. In addition, provide a copy of the main extension contracts with Volkswagen that are referenced in Paragraph 5.

RESPONSE:

1-370 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 the "I-1" tab of this spreadsheet regarding the revenue calculation for Interruptible Service. Provide the source and support for the $1.40/Dkt PGA commodity surcharge included within the formula on Row 49 of this spreadsheet as a hardcoded amount.

RESPONSE:

1-371 Refer to the Company's response to CPAD 1-2, and specifically refer to Attachment CPAD-1-2a regarding the trial balance schedules for Chattanooga Gas Company. Next, specifically refer to Accounts 400 to 407 regarding the Company's revenue accounts. Provide a reconciliation of these monthly amounts between base rates, gas cost surcharges and other surcharges.

RESPONSE:

1-372 Refer to the Company's response to CPAD 1-17, and specifically refer to the spreadsheet included as Attachment CPAD-1-17a regarding customer counts by tariff. Next, specifically refer to the "C-2" tab of this spreadsheet and provide an explanation of the drop in annual bills rendered from 22,185 for 2016 to 21,123 for 2017 in this rate schedule. In addition, identify the customers that have left this rate schedule between 2016 and 2017 and indicate whether this is due to transfers to a different tariff or to plant closures.

RESPONSE:

1-373 Refer to the Company's amended response to CPAD 1-157.

(a) Provide a comprehensive set of updated MFG files and supporting workpapers which incorporate the revisions set forth in the Company's amended response to CPAD 1-157.

(b) State whether the Company is proposing to offset NOLCs against ADIT for ratemaking purposes. If the Company is proposing such an offset, provide a narrative explanation, along with the source and support for the Company's position and supporting workpapers for the amount(s) of the Tennessee NOLC and ADIT (and supporting allocations).

(c) To the extent that the Company proposes to offset NOLCs against ADIT by means of a regulatory asset, provide the source and support (including any TPUC order) for any such asset.

RESPONSE:

1-374 Refer to the Company's amended response to CPAD 1-157, and specifically refer to the file titled CPAD 1-157a. Provide this file with all cell references intact for all tabs.

RESPONSE:

1-375 Refer to the Company's amended response to CPAD 1-157a, and specifically to the tab titled "Attachment CPAD 1-157a OCI". Explain fully and with specificity the Company's inclusion of ADIT associated with OCI. Include in your response the Company's ratemaking source and support for recognition of ADIT associated with 'Actuarial Gas/Loss' and 'Reclass Actuarial' line items within this worksheet, and an explanation of how these two items result in book/tax timing differences.

RESPONSE:

1-376 Refer to the Company's amended response to CPAD 1-157, and specifically refer to Attachment CPAD 1-157a and to tab "Attachment CPAD 1-157a Unpro".

(a) Further refer to cell E69, which appears to sum a tax asset at the 35% rate to a tax asset defined at the 21% rate. If correct, provide a comprehensive explanation supporting the calculation of an asset relying upon two different tax rates.

(b) Is CGC claiming this balance identified as "Total NOL ADIT" as a component of rate base?

(c) Provide the source and support for the recognition of that portion of an NOL designated as 'Carryback'.

(d) Confirm that the NOL determination is based upon specific CGC Tennessee results and is not premised upon an allocation of a corporate (broadly defined) NOL that is then allocated to CGC.

RESPONSE:

1-377 Refer to the Company's response to CPAD 1-282 (which was received 4/25/2018). Specifically refer to attachment CPAD 1-282 Attachment Supplement Request. Define the following items as referenced within this attachment and provide a discussion supporting the rationale for inclusion in the balance of ADIT recognized for ratemaking purposes:

(a) "PP Treatment of TN excise tax as a credit on gross receipts" (Excel line 11). The response for this item should include a discussion of why the State ADIT reflects a debit, while the Federal ADIT reflects a credit.

(b) State Amortization.

(c) Amortization.

RESPONSE:

1-378 Refer to the Company's response to CPAD 1-282. Specifically refer to attachment CPAD 1-282 Attachment Supplement Request. Provide an explanation why 'Federal Depreciation' includes a different balance from 'State Depreciation'. Provide supporting workpapers for each of the gross amounts referenced within this file for these two items.

RESPONSE:

1-379 Refer to the Company's response to CPAD 1-282. Specifically refer to attachment CPAD 1-282 Attachment Supplement Request. Confirm that the formula references reference statutory state rates rather that the effective state rates as was used within the calculations.

RESPONSE:

1-380 Refer to the Company's response to CPAD 1-157, and specifically refer to Attachment CPAD 1-157a. Confirm that this response is limited to the impact of the change from the effective rate to the statutory rate on excess ADIT and the response did not amend all files within MFG 69. If CGC believes it is not necessary to amend other files and calculations within MFG 69-8, confirm the effective tax rates embedded within the calculations.

RESPONSE:

1-381 Refer to the Company's response to CPAD 1-341. Specifically refer to attachment CPAD 1-341 Attachment Supplement Request. While the Company's response appears to relate exclusively to AGSC, the Consumer Advocate's request was not limited to litigation costs associated with AGSC, but included all such costs allocated to CGC from any entity, including SCS via AGSC. Either confirm the information contained within the referenced attachment includes all such costs allocated to CGC from all affiliates, or expand the response to include all such costs allocated to CGC regardless of the affiliate incurring the initial charge.

RESPONSE:

1-382 Refer to the Company's response to CPAD 1-347, and specifically refer to attachment CPAD 1-347c Attachment Supplement Request. For each of the following referenced types of costs, provide a complete definition of each of such type of costs incurred and charged within the following accounts, differentiating between the types of services provided within each account. In addition, explain the benefit of such costs to CGC ratepayers.

(a) 671005 Allocated Call Center MGT.

(b) 671416 Allocated Call Center.

(c) 672568 Allocated Call Center SCS.

RESPONSE:

1-383 Refer to the Company's response to CPAD 1-347, and specifically refer to attachment CPAD 1-347c. For each of the following referenced types of costs, provide a complete definition of each of such type of costs incurred and charged within the following accounts, differentiating between the types of services provided within each account. In addition, explain the benefit of such costs to CGC ratepayers.

(a) 671423 Allocated Gas Supply.

(b) 671451 Allocated Gas Supply – SOPS.

(c) 672512 Allocated Gas Supply AGLC CGC.

(d) 672536 Allocated Gas Supply Reg NonReg.

RESPONSE:

1-384 Refer to the Company's response to CPAD 1-347, and specifically refer to attachment CPAD 1-347c. For each of the following referenced types of costs, provide a complete definition of each of such type of costs incurred and charged within the following accounts, differentiating between the types of services provided within each account. In addition, explain the benefit of such costs to CGC ratepayers.

(a) 671430 Allocated Rates and Regulatory.

(b) 672515 Allocated Rates and Regulatory SOPS.

(c) 672565 Allocated Regulatory – SCS.

RESPONSE:

1-385 Refer to the Company's response to CPAD 1-347, and specifically refer to attachment CPAD 1-347c. For each of the following referenced types of costs, provide a complete definition of each of such type of costs incurred and charged within the following accounts, differentiating between the types of services provided within each account. In addition, explain the benefit of such costs to CGC ratepayers.

(a) 671422 Allocated Financial Services.

(b) 671522 Allocated Financial Serv Pay.

(c) 672553 Allocated Financial Services SCS.

RESPONSE:

1-386 Refer to the Company's response to CPAD 1-343, which contains assumptions included within the CGC O&M budget. Provide a complete explanation for the increase in account 670840 in the attrition period proposed by the Company compared with historic periods.

RESPONSE:

1-387 Refer to confidential attachments CPAD 1-347e-l in the Company's response to the Consumer Advocate's discovery request of the same number. Confirm that the composite ratio is comprised of the average of total assets, less receivables, the number of full time equivalent employees, the twelve month rolling operating margin and twelve month rolling operating expenses. If this is not accurate, provide a comprehensive definition of the composite ratio.

RESPONSE:

1-388 Refer to the Company's response to CPAD 1-347, and specifically to confidential Attachments CPAD 1-347 e - l. The Composite Ratio appears to be the average of total assets, number of full time equivalent employees, twelve month rolling operating margin and the twelve month rolling operating expenses. If the composite ratio was comprised of the average of these four ratios for the period 2013 – 2016, identify the components of the composite ratio for these periods and provide a comprehensive explanation documenting why the Composite Ratio methodology was changed.

RESPONSE:

1-389 Refer to the Company's response to CPAD 1-347. Provide the justification for the selection of the four components of the Composite Ratio relative to other possible components.

RESPONSE:

1-390 Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(l) and to footnote A within the "Composite Rate" tab. Note that footnote provides three reasons why each entity was 'zeroed out' for allocation purposes, *i.e.*, that an entity was "zeroed out" because it was (i) not included within the Service Agreement, (ii) does not receive corporate services from AGSC, or (iii) yields a negative rate. For each entity listed within footnote A, provide the following:

(a) The date the entity began operations.

(b) A complete and thorough description of the nature of commercial activity undertaken by the entity.

(c) Identification of which item(s) identified above justify the exclusion of the entity from AGSC cost allocation.

RESPONSE:

1-391 Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(l) and to footnote A within the "Composite Rate" tab. Note that footnote provides three reasons why each entity was 'zeroed out' for allocation purposes, *i.e.*, that an entity was "zeroed out" because it was (i) not included within the Service Agreement, (ii) does not receive corporate services from AGSC, or (iii) yields a negative rate. Identify the specific Service Agreement referenced within this footnote and identify the date such agreement was last modified.

RESPONSE:

1-392 Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(l) and to footnote A within the "Composite Rate" tab. That footnote contains a listing of Business Units that are identified as "Closed out" or "To be closed out". Provide a comprehensive definition of the phrase "Closed Out" as is used within this reference and identify the date each such business unit was "Closed Out" or anticipated to be "Closed Out".

RESPONSE:

1-393 Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(l) and to footnote A within the "Composite Rate" tab. That footnote contains a listing of entities that are identified as "Business unit does not receive allocations and therefore zeroed out". For each listed entity, provide a comprehensive explanation of the nature of the commercial enterprise and the justification for excluding the entity from AGSC allocations.

RESPONSE:

1-394 Refer to the Company's response to CPAD 1-177f, 1-177g, 1-178f, and 1-178g. Provide the capital structure information for The Southern Company that was previously requested in the referenced CPAD requests.

RESPONSE:

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 11th day of May, 2018.

Wayne M. Irvin