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May 23, 2018

Chairman David Jones
c/o Sharla Dillon
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Chattanooga Gas Company
TPUC Docket No. 18-00017

Dear Chairman Jones:

Today's filing principally consists of Chattanooga Gas Company's ("CGC") responses to CPAD's discovery request entitled Second Supplement to First Discovery Request and CPAD's First Supplement to Second Discovery Request.

All but 8 of the total of 46 numbered requests in these two sets of discovery requests are included. The remaining 8 responses are to the Second Supplement to First Discovery and should be provided to CPAD and filed with TPUC by the end of the week.

Additionally included in this filing are revisions to three previously filed responses as follows: CPAD-1-002; CPAD-1-177; and CPAD-1-178.

In an effort to assist in locating these responses, we are providing the listing below differentiating between the contents of the public and confidential CDs.

Included herein on the public CD (set of 5 CDs enclosed) are the following:

Responses to CPAD's First Supplement to Second Discovery Request:

CPAD-2-74
CPAD-2-75
CPAD-2-76
CPAD-2-77
CPAD-2-78
CPAD-2-79
CPAD-2-80
CPAD-2-81

Responses to CPAD's Second Supplement to First Discovery Request:

CPAD-1-357 CPAD-1-358

CPAD-1-364	CPAD-1-365
CPAD-1-367	CPAD-1-369
CPAD-1-370	CPAD-1-371
CPAD-1-372	CPAD-1-376
CPAD-1-378	CPAD-1-379
CPAD-1-380	CPAD-1-381
CPAD-1-386	CPAD-1-387
CPAD-1-388	CPAD-1-389
CPAD-1-390	CPAD-1-391
CPAD-1-392	CPAD-1-393
CPAD-1-394	

Updates to previously filed Responses to the CPAD's First Discovery:

CPAD-1-002
CPAD-1-177
CPAD-1-178

Included in the CD marked Confidential (set of 5 CDs enclosed) are confidential responses listed below:

Confidential Responses to CPAD's Second Supplement to First Discovery Request:

CPAD-1-357 (attachment)	CPAD-1-359
CPAD-1-360	CPAD-1-361
CPAD-1-362	CPAD-1-363
CPAD-1-366	CPAD-1-368 (Response and attachments)

Confidential Responses to CPAD's First Supplement to Second Discovery Request:

CPAD-2-77 (attachments)

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

J.W. Luna

Enclosures

cc: Monica Smith-Ashford, Esq.
Vance Broemel, Esq.
Wayne Irvin, Esq.
Henry Walker, Esq.
Floyd Self, Esq.

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-357 SUPPLEMENTAL REQUEST

Question:

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:

Please refer to Attachment CPAD-1-357a CONFIDENTIAL, which is filed confidential in its entirety, for a list of customers that were in the T-1 rate class as of January 2010 and are no longer in the T-1 rate class as of December 2017. In the attachment, Column C provides an explanation for why the customer is no longer in the T-1 rate class. The T-1 customers that moved to a new rate class are not necessarily active in the rate class that they moved to prior to the rate case filing.

Contact Person: Heath Brooks

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-358 SUPPLEMENTAL REQUEST

Question:

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:

The T-1 tab filed as part of CPAD-1-17d was a preliminary version of the capacity volumes and should be removed. The T-1 tab filed as part of CPAD-1-17c has the final and correct T-1 capacity volumes.

Contact Person: Heath Brooks

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-364 SUPPLEMENTAL REQUEST

Question:

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:

The attrition period billing demand for the T-3 rate schedule was priced out at the PGA demand rate of $7.8751/dkt instead of the base rate billing demand charge of $5.50/dkt. T-3 demand for base rate revenue should be priced out at $5.50/dkt. After changing the rate to $5.50/dkt, base rate revenues for the attrition year are reduced $131,556.

Contact Person: Heath Brooks

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-365 SUPPLEMENTAL REQUEST

Question:

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:

Assignment of the contract and/or the rates, terms, and conditions contained therein does not require the approval of the TPUC.

Contact Person: Archie Hickerson

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-367 SUPPLEMENTAL REQUEST

Question:

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:

The PGA demand rate was being applied twice to Kordsa. The PGA demand being applied on line 103 on the "Special" tab is the correct demand PGA revenue. As a result of removing the PGA demand surcharge, total revenues are reduced by $1,826 and base rate revenues do not change.

Contact Person: Heath Brooks

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-369 SUPPLEMENTAL REQUEST

Question:

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:

Please refer to Attachment CPAD-1-369a which is the Volkswagen Main Extension Contract and Attachment CPAD-1-369b which is the Tennessee Regulatory Authority Order in Docket 09-00174 approving the contract. There is no impact from the cash flow to the cost of service from these main extension charges. As outlined in the Order, the terms of the contract require payments by Volkswagen for Contribution in Aid of Construction (CIAC) in monthly installments over a ten year period. These monthly installment payments are not recognized as revenue but are credited directly to the CIAC account that reduces the investment in Plant In-Service.

Contact Person: Heath Brooks

Chattanooga Gas

CHATTANOOGA GAS COMPANY
VOLKSWAGEN SPECIAL GAS EXTENSION CONTRACT

#815.07
STATE OF TENNESSEE
COUNTY OF Hamilton
DATE 10 13 2009

NO 040691 BCA ID 31823
APPLICANT Volkswagen Group of America Chattanooga Operations, LLC.
LOCATION 7351 Enterprise South Blvd., Chattanooga, TN, 37416
MAILING ADDRESS 605 Chestnut Street, Chattanooga, TN, 37450

THIS VOLKSWAGEN SPECIAL GAS EXTENSION CONTRACT ("the AGREEMENT"), entered into by and between, Chattanooga Gas Company, hereinafter called Company, and Volkswagen Group of America Chattanooga Operations, LLC, hereinafter called Applicant, witnesseth:

WHEREAS, Applicant owns, or occupies as lessee, certain property in Land Lot No of the District of Hamilton County, TENNESSEE, being at the address 7351 Enterprise South Blvd., in the City of Chattanooga; and has made application for gas to be supplied by Company to above property; and

WHEREAS, Applicant had other site options for the automotive manufacturing plant to be located at the above property ("Plant"), but selected the above property such that Company agreed to pursue a special gas extension contract with the Tennessee Regulatory Authority ("Authority"); and

WHEREAS, Company desires to serve Applicant's Plant in Chattanooga, Tennessee, which is projected to bring significant economic development and employment to Tennessee; and

WHEREAS, facilities of Company are not now available; and Company is willing to make its facilities available to Applicant, subject to its Rules and Regulations as hereinafter referred to, unless and until the same is disapproved by the Authority; and

NOW, THEREFORE, in consideration of the premises and the mutual benefits to be derived therefrom, the parties hereto bind themselves, their personal representatives, successors and assigns, as follows:

(1) Company will install gas facilities to serve Applicant in accordance with the Company's Rules and Regulations, including all revisions, effective as of September 1, 2009, and filed with the Authority as TRA No. 2, all of which are incorporated herein and made apart hereof. The Company will install gas facilities, substantially as configured in Attachment A, including 1 gas meter(s) set to serve the total equipment load indicated in Schedule A at a delivery pressure of 40 psig. Any changes to these facilities or their configuration required by the Applicant will be provided by the Company and paid for by the Applicant at the Company's current material and labor rates.

(2) Applicant represents to Company that the gas usage within the later of (i) twelve month (12) months of the date of completion of the extension or (ii) October 1, 2011 (such date, the "Calculation Date"), will be that indicated by Schedule A hereof, on which the Company has relied in computing the Total Allowable Investment for facilities allowed free to the Applicant and the advance, if any, to be paid by Applicant to Company and that such usage will continue for a period of ten (10) years thereafter.

(3) Applicant shall pay to Company the contribution required by Applicant ("Contribution") set forth on Schedule A either by paying (i) a one-time payment of the Contribution in full upon execution of this Agreement or (ii) monthly payments of the Monthly Payment Amount set forth on Schedule A, for one hundred twenty (120) months (the "Payment Term"), as such amount may be adjusted as set forth herein from time to time. If Applicant elects to pay the Monthly Payment Amount, Applicant shall also agree to pay immediately upon demand made by Company to Applicant therefor, any and all reasonable attorney's fees and costs of counsel to Company in connection with the enforcement of this Agreement or the collection of any amounts due and owing hereunder, or otherwise incurred in connection with the exercise of Company's rights and remedies under this Agreement in the event of any default by Applicant hereunder. The Monthly Payment Amount shall be billed by Company to Applicant under a separate line entry on Applicant's bill from the Company or separately stated from any other charges when presented in any other form of demand for payment, as applicable. Said charges shall be due fifteen (15) days after said bill is rendered and late payments shall be accessed a late payment fee of one (1) percent of the outstanding balance per month. Applicant may pay the entire balance of the Contribution and any other associated charges, including without limitation, any late payment charges or other charges applicable pursuant to this Agreement, at any time without penalty. Any partial payment by Applicant above the monthly billed amount, or any credit due Applicant pursuant to the provisions of Section 6 below, shall be applied by Company to offset the monthly payments due under the Agreement at the end of the Payment Term, starting with the last monthly payment due under the Payment Term and, if such offset amount is greater than such last monthly payment, offsetting as applicable each monthly payment just prior to such last monthly payment until such offset amount is satisfied. Any debit due from Applicant pursuant to the provisions of Section 6 or 7 below, shall be applied by Company to add to the payment due under the Agreement at the end of the Payment Term.

(4) If at any time Applicant: (a) fails to timely pay the Monthly Payment Amount or any other Company charges when due and payable as set forth herein; or (b) becomes subject, as debtor, to any voluntary or involuntary bankruptcy proceeding; or (c) admits in writing its inability to pay its debts as they become due or that it is insolvent, (d) ceases operation of the Plant, or (e) its negotiated contract with Company for firm intrastate transportation service is terminated for any reason, then (i) each such failure or event, as applicable, shall constitute an immediate event of default under this Agreement by Applicant, (ii) in connection with such event of default, the Company may elect to take any or all of the following steps: (A) by written notice from Company to Applicant accelerate the payment of the entire amount of the Contribution, in which case the entire amount of the Contribution shall become immediately due and payable, provided, however, that no such notice or any other action by Company shall be required in the case of any bankruptcy proceeding of the Applicant and, in such case, the entire amount of the Contribution and all other related charges hereunder shall automatically and immediately become due and payable, (B) exercise any and all rights and remedies under the applicable law against Applicant to recover any and all amounts due and payable by Applicant to Company pursuant to this Agreement including, without limitation the entire Contribution and any other related charges hereunder that are due and owing, together with all reasonable fees and expenses of legal counsel in collecting the Contribution and any other related charges hereunder or otherwise in enforcing Company's rights and remedies under this Agreement and applicable law in connection with any such events of default, and (C) at its option, impose a default rate of interest on the outstanding balance of the Monthly Payment Amounts at the rate of one percent (1%) per month, payable on demand, which default interest shall be added to and constitute part of the Monthly Payment Amount as defined above.

(5) Within ninety (90) days of the Calculation Date, the Company will determine if the Estimated Annual Revenues in accordance with Schedule A has been met.

(6) If based upon this determination, there is a lesser Allowable Investment than that originally granted, and a payment is required in addition to the prior payment by the Applicant, if any, such additional payment shall be paid by the Applicant. The total payment(s), if any, by the Applicant shall not exceed the Estimated Cost to Service indicated in Schedule A unless changes in facilities are required by the Applicant. If based on this determination, there is a greater Allowable Investment than that originally granted, such additional Allowable Investment shall be credited to the Applicant. The total credits(s), if any, to the Applicant shall not exceed the Contribution Required by Applicant. Any calculated credit or debit shall be applied to the Applicant's invoice (i) within sixty (60) days of calculation, if the Applicant has paid the Contribution pursuant to Section 3(i) of this Agreement and (ii) at the end of the Payment Term, pursuant to Section 3 of this Agreement, if the Applicant has elected to pay the Contribution pursuant to Section 3(ii) of this Agreement.

(7) Other than as provided in Section 6 of this Agreement, there will be no refunds associated with any payments, contributions or advances hereunder. If the Applicant fails to take service or fails to consume sufficient gas to produce the Estimated Annual Revenues, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's non-residential main and service extension Rules and Regulations in effect at the time the extension was made as if service had been requested on the basis of the actual equipment installed and utilized.

(8) No assignment of this Agreement by applicant shall be effective unless prior written approval shall have been granted by Company.

(9) Two or more parties may make a joint advance on the same facilities extension. In such cases the total free length thereof will be considered to be the sum of the individual allowances that are applicant be under the Rules and Regulation of the Company. The amount to be advanced by the members of the group shall be apportioned among them in such manner as they shall mutually agree upon.

(10) No failure or delay on the part of the Company in exercising any right or remedy hereunder and no course of dealing between Applicant and Company shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise of any right or remedy thereof or the exercise of any other right or remedy hereunder. No written notice to or written demand on Applicant is required hereunder or constitute a waiver of the rights of the Company to any other or further action in any circumstances without notice or demand.

(11) Legal and equitable title to all mains, service lines and appurtenances installed under this Agreement shall be and remain in the Company, and the Company shall have the right, without the consent of, or any refund to, the Customer, (a) to extend the gas main or connect additional gas mains to any part of it, and (b) to serve new additional customers at any time through service connections attached to such main or to extended to connected gas mains.

(12) This Agreement is subject to all Rules and Regulation of the Company which are now or may hereafter be issued, approved, or otherwise made effective, by the Authority, or any other governmental body having jurisdiction with respect to the Company. References herein to certain portions of such Rules and Regulation, as they now exist, shall not be construed as exclusive, and all other portion in effect from time to time shall apply as fully as though they had been specifically referred to herein. The

Company may rescind this offer if either party fails to excute the contract within 45 days of this day and year above. This Agreement is entered into pursuant to the Rules and Regulations of the Company to support significant regional economic impact. The parties agree that good faith negotiation has determined the terms and provisions of this Agreement. The Company is required to submit this Agreement to the Authority for approval. The Authority may disapprove the Agreement, in which case this Agreement shall no longer be effective and shall terminate. In such event, the parties shall enter into a replacement Non-Residential Gas Extension Contract according to the Company's non-residential main and service extension Rules and Regulations in effect at the time. Applicant agrees to cooperate in the filing of any such petition and in the submission of necessary information to seek approval of this Agreement. This Agreement shall be terminated if any necessary regulatory authority causes it to be revoked, canceled, or terminated. Applicant agrees that it will cooperate with the Company in good faith to secure all regulatory authority necessary to the effectiveness of this Agreement, including, without limitation, authority to enter into a protective order of the Authority to find that the information filed is confidential.

(13) Applicant acknowledges that in executing this Agreement that they have not relied upon any representation by the Company relating to the estimated completion date of the gas extension covered by this Agreement.

(14) Company acknowledges that there is extensive construction activity underway at the above property ("Site"). Company shall reasonably coordinate with Applicant necessary access to the Site for installation of the gas facilities prior to commencement of service (the "Work"), subject to the rights and obligations of Company and Applicant under the Rule and Regulations. Company has maintained and shall comply with a safety programt that, at a minimum, complies with all local, state, and federal safety standards. Company shall also comply with those reasonable safety standards and requirements established by Applicant and communicated in writing to Company by Applicant in advance of commencement of the Work, including, without limitation, those set forth in the Master Project Safety Manual for the Site ("Safety Program"). Company shall require its contractors and subcontractors to comply with the Safety Program. Notwithstanding the foregoing, the following components of the Safety Program will not apply to Company or its contractors and subcontractors: (i) participation in the Owner Control Insurance Program (OCIP) and the related OCIP rules and regulations; (ii) drug and alcohol testing and policy requirements beyond Company's current Department of Transportation-compliant drug and alcohol testing policy, program and procedures, except solely for initial drug and alcohol testing required of all Site personnel during Applicant's orientation program, which shall be supplied by Applicant at its expense; and (iii) the requirement to have a safety manager (Company shall arrange for a safety representative). Company will maintain, and will require all of its contractors and subcontractors to maintain, insurance coverages, with commercially reasonable liability limits, including general liability, vehicle, and workers compensation coverages, which requirements may be met through a self insurance program or captive insurance company. Upon request, Company will provide Applicant evidence of insurance.

	Schedule A	
A	Estimated Cost of Facilities to Serve	$818,252.76
B UseCode	Customer Gas Equipment	Cubic Feet/Hour
CBS	Boiler, Steam	97,000
CMA	Heater, Make-up Air	95,000
C	Estimated Annual Revenue	
C.1	Minimum Annual Use (Dekatherms)	
D	Contribution Required by Applicant Monthly Payment Amount option: *All terms and conditions are subject to TRA approval	$526,408.32 $7,139.19

IN WITNESS WHEREOF, the parties hereto have set their hands and affixed their seals

APPLICANT Volkswagen Group of America Chattanooga Operations, LLC

PRINT NAME Thomas Loffman

BY

TITLE Director of Purchasing

DATE 10/7/2009

WITNESS

PRINT NAME Patrik Mayer

BY

TITLE EVP Finance

DATE 10/8/09

WITNESS AA

CHATTANOOGA GAS COMPANY

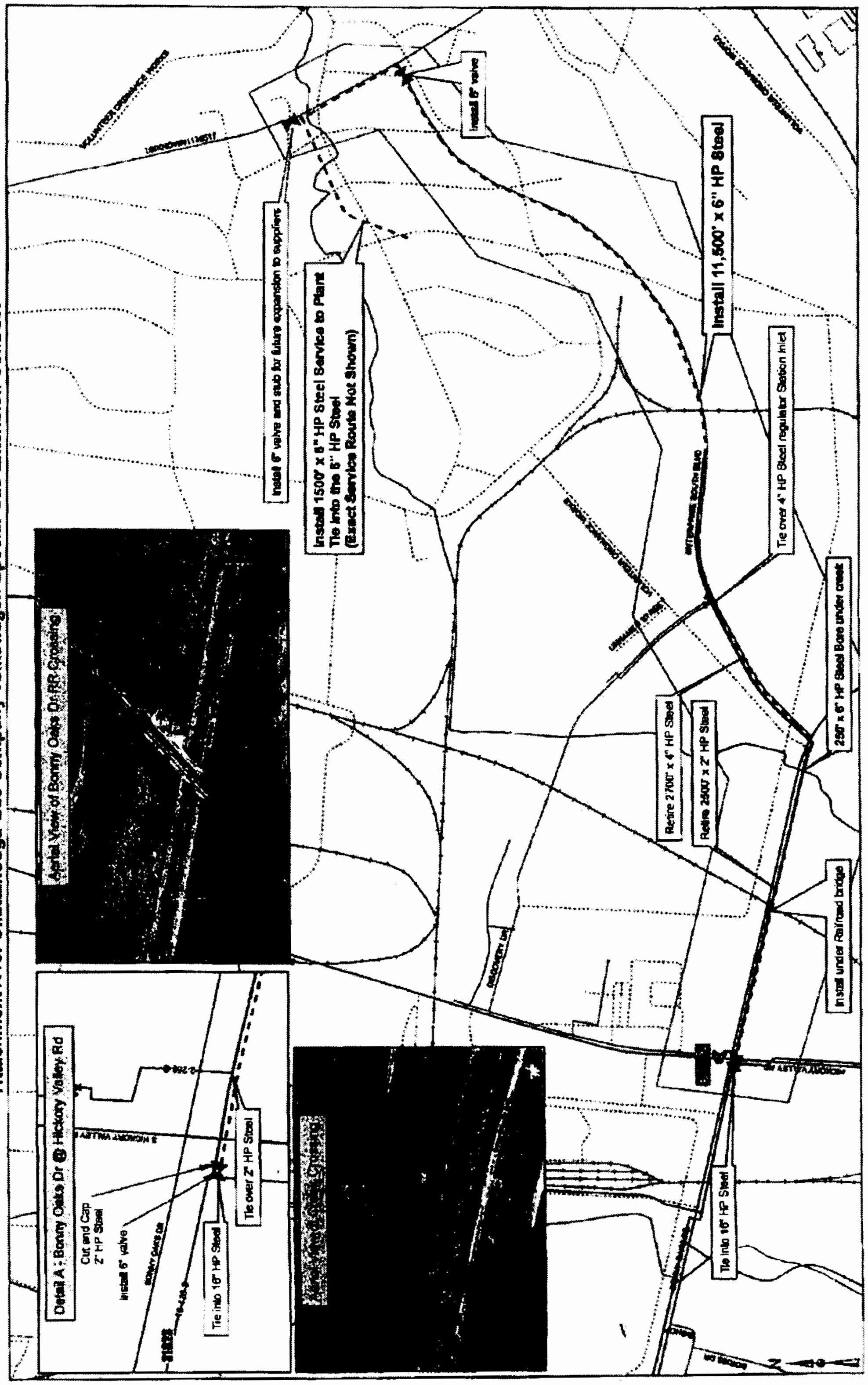
BY

TITLE President

DATE 10/13/09

WITNESS Carolyn Pointer

Attachment A for Chattanooga Gas Company Volkswagen Special Gas Extension Contract



BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 12, 2009

IN RE:	)	
	)	
REQUEST OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF SPECIAL GAS EXTENSION CONTRACT WITH VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA OPERATIONS, LLC	))))	**DOCKET NO. 09-00174**

ORDER GRANTING APPROVAL OF SPECIAL CONTRACT

This matter came before Director Mary W. Freeman, Director Eddie Roberson, and Director Kenneth C. Hill of the Tennessee Regulatory Authority ("TRA" or the "Authority"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on October 26, 2009, for consideration of the *Request Of Chattanooga Gas Company For Approval Of Special Gas Extension Contract With Volkswagen Group Of America Chattanooga Operations, LLC* ("*Petition*") filed on October 16, 2009 by Chattanooga Gas Company ("CGC" or "Company").

<u>BACKGROUND</u>

The *Petition* seeks the Authority's approval of a Special Contract ("Contract") between CGC and Volkswagen Group of America Chattanooga Operations, LLC ("Volkswagen") to extend gas mains to serve the Volkswagen plant that is being constructed in Chattanooga, Tennessee. The terms of the Contract require payment by Volkswagen for Contributions in Aid of Construction (CIAC) in monthly installments extended over a ten year period. Estimated CIAC payments are calculated, in part, based on estimated usage for the first year, and the

Contract allows for adjustments in the CIAC payments when actual usage becomes known.[1] If usage is less than estimated, Volkswagen will pay additional amounts for CIAC. If usage is more, Volkswagen will receive a credit. The Contract would also require CGC and its subcontractors to comply with certain requirements found in Volkswagen's Master Project Safety Manual.

FINDINGS AND CONCLUSIONS

CGC has a tariff[2] on file with the Authority covering when, and to what extent, a customer would be required to contribute to the cost of extending a service line to a customer's location. In compliance with the Authority's June 2, 1999 Order in Docket No. 96-01174, CGC files a Revised Appendix A annually, updated to reflect the current cost of constructing and installing mains, services lines, regulators and meters in the determination of allowable investment. When a Company's general approved tariff does not sufficiently cover the terms of service and/or rates necessary to serve a specific customer, a special contract is an option for the parties involved. Such contracts are allowed under TRA Rule 1220-4-1-.07 which provides:

> Special contracts between public utilities and certain customers prescribing and providing rates, services and practices not covered by or permitted in the general tariffs, scheduled, or rules filed by such utilities are subject to supervision, regulation, and control by the Authority. A copy of such special agreements shall be filed, subject to review and approval.

The Contract differs slightly from the terms of the existing tariff regarding main extensions. First, the existing tariff is silent on whether monthly installment payments are allowed for CIAC but does not prohibit them. Second, the current tariff does not provide for a customer to receive a credit if usage is greater than estimated. The panel found that the uniqueness of the customer, especially its size, warrants approval of the terms of the Contract

[1] The later of (1) twelve months from date of completion or (2) October 1, 2011. *Petition*, p. 2.
[2] Main and Service Extension Rule, Appendix A to its Rules and Regulations.

that may differ slightly from the approved tariff. Further, the panel found that other Company customers would not be adversely impacted as a result of CIAC being paid in monthly installments. Therefore, the panel voted unanimously to approve the Contract between the Company and Volkswagen as set out in the *Petition* and discussed herein.

IT IS THEREFORE ORDERED THAT:

The Special Contract by and between Chattanooga Gas Company and the Volkswagen Group of America Chattanooga Operations, LLC is approved.

Mary W. Freeman, Director

Eddie Roberson, Director

Kenneth C. Hill, Director

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-370 SUPPLEMENTAL REQUEST

Question:

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:

The $1.40/Dkt being added to the I-1 PGA rate is an old estimate of the basis cost of gas, which is the cost incurred by the company for transporting gas on the interstate pipeline. The basis cost fluctuates month to month and is currently $0.39.

Contact Person: Heath Brooks

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-371 SUPPLEMENTAL REQUEST

Question:

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:

Please refer to Attachment CPAD-1-371a for the reconciliation of these monthly amounts between base rates, gas cost surcharges and other surcharges.

Contact Person: Archie Hickerson

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-372 SUPPLEMENTAL REQUEST

Question:

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:

The drop in annual bills rendered to C-2 customers from 2016 to 2017 is a direct result of the annual reclassification of C-1 and C-2 customers required by the tariff and adjusted for new growth and seasonality. The reclassification resulted in 196 customers leaving C-2 and moving to C-1 and 92 customers leaving C-1 and moving to C-2 resulting in a net reduction of 104 customers in C-2. New growth and seasonality adjustments effect the amount of annual bills rendered slightly. Please see Attachment CPAD-1-372a for a list of customers by premise number that moved in and out of the C-2 rate class.

Contact Person: Heath Brooks

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-376 SUPPLEMENTAL REQUEST

Question:

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:

(a)-(c) Please see the Company's response to CPAD-1-373.

(d) The NOL determination is based upon specific CGC Tennessee results.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-378 SUPPLEMENTAL REQUEST

Question:

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:

The difference between the federal and state depreciation balances is primarily due to state not allowing bonus depreciation.

See CPAD-1-378a Attachment and CPAD-1-378b Attachment for support for Federal and State depreciation, respectively. Amounts provided in attachments a and b are from the Company's General Ledger tax software.

See CPAD-1-378c for more detailed support for Federal and State depreciation, amounts provided in this attachment are out of the Company's tax subledger software.

Contact Person: Gary Tucker

Docket No. 18-00017
Chattanooga Gas Company
CPAD-1-378a Attachment Supplemental Request

5/21/2018 9:48:40 AM

AGL RESOURCES

Deferred Balances Report - Pre-Tax (Reporting)

Q4 2017 CurDef (Dec) v8 35% Rate - SNG change, GL8 CHATTANOOGA GAS COMPANY

Code	Name	Beginning Balance	Rate Change	CTP	RTP	Def Adj	GW Rate Change	Pension Recl	Bal Sht Only	Goodwill	RTP 2	Ending Balance
A12-1	Engineering Cost-G & A	0	0	0	0	0	0	0	0	0	0	0
A-61 481A COSTS	481(a)- Deductible G&A Costs	(104,586)	0	0	0	0	0	0	0	0	0	(104,586)
ST-2. TN Adj	PP Treatment of TN excise tax as credit on gross receipts re	0	0	0	0	0	0	0	0	0	0	0
T002	Accrued Severance	10,000	0	(10,000)	0	0	0	0	0	0	0	0
T004	NSP	(5,135)	0	0	0	0	0	0	0	0	0	(5,135)
T005	Bad Debt Reserve	225,502	0	(19,988)	0	0	0	0	0	0	0	205,514
T006	Restricted Stock	0	0	0	0	0	0	0	0	0	0	0
T007	Pension - Other	2,348,429	0	126,992	0	0	0	(1,675,438)	0	0	0	799,983
T008	Accrued Bonus	114,016	0	103,061	0	0	0	0	0	0	0	217,077
T009	Accrued Post Retirement Benefits	(568,851)	0	(347,413)	0	0	0	(73,619)	0	0	0	(989,883)
T011	Environmental Response Costs	0	0	0	0	0	0	0	0	0	0	0
T016	Miscellaneous Accrued Liabilities	0	0	0	0	0	0	0	0	0	0	0
T020	Miscellaneous Accrued Taxes	605,613	0	377,737	0	0	0	0	0	0	0	983,350
T033	LNG Maintenance Reserve	0	0	0	0	0	0	0	0	0	0	0
T043	Var Comp	0	0	0	0	0	0	0	0	0	0	0
T055	Charitable Contribution Basis Difference	7,685	0	0	0	0	0	0	0	0	0	7,685
T057	Insurance Reserve	35,907	0	(4,649)	0	0	0	0	0	0	0	31,258
T060	Goodwill Amortizations	0	0	0	0	0	0	0	0	0	0	0
T075	Relocation Cost	0	0	0	0	0	0	0	0	0	0	0
T-10. ACC RELO	Accrued Relocation	0	0	0	0	0	0	0	0	0	0	0
T-25. PGA	Purchased Gas Adjustment	0	0	0	0	0	0	0	0	0	0	0
T-481 481 ADJUSTMENT	Section 481 Adjustment	(1)	0	0	0	0	0	0	0	0	0	(1)
T-48A UNICAP	UNICAP	0	0	0	0	0	0	0	0	0	0	0
T567	Unearned Revenue	3,750	0	(3,000)	0	0	0	0	0	0	0	750
TA01	**Federal Depreciation**	**(10[illegible],135)**	**0**	**(7,153,[illegible])**	**(828)**	**0**	**0**	**0**	**0**	**0**	**(806,580)**	**(116,827,232)**
TA05	Removal Costs	0	0	0	0	0	0	0	0	0	0	0
TA06	Deductible G & A Costs	0	0	0	0	0	0	0	0	0	0	0
TA11	Contributions in Aid of Construction	0	0	0	0	0	0	0	0	0	0	0
TA12	Engineering Costs	0	0	0	0	0	0	0	0	0	0	0
TA13	Software Amortization	0	0	0	0	0	0	0	0	0	0	0
TA14	Interest and Taxes Charged to Construction	0	0	0	0	0	0	0	0	0	0	0
TA15	Gain/Loss Difference	0	0	0	0	0	0	0	0	0	0	0
TA17	Software Labor	0	0	0	0	0	0	0	0	0	0	0
TA21	Salaries Overhead G and A	0	0	0	0	0	0	0	0	0	0	0
TA76	Organizational Costs	0	0	0	0	0	0	0	0	0	0	0
TA77	OCI - Federal only	0	0	0	0	0	0	0	0	0	0	0
TA77-1	OCI	0	0	0	0	0	0	0	0	0	0	0
TA77-20	OCI - (Re-established after PPA)	(1,609,261)	0	0	0	0	0	0	0	0	0	(1,609,261)
TA78	Chattanooga Rate Case	0	0	(321,468)	0	0	0	0	0	0	0	(321,468)
T-CONT	Charitable Contributions Carryforward	0	0	0	0	0	0	0	0	0	0	0
TDAMORT	Amortization	(3,508,442)	0	0	0	119,752	0	0	0	0	0	(3,388,690)
Total		(111,111,509)	0	(7,252,417)	(828)	119,752	0	(1,749,057)	0	0	(806,580)	(120,800,639)

5/21/2018 9:56:17 AM

AGL RESOURCES

Deferred Balances Report - Pre-Tax (Post-App) (Reporting)

Q4 2017 CurDef (Dec) v8 35% Rate - SNG change, GL8 CHATTANOOGA GAS COMPANY, Blended State

Code	Name	Beginning Balance	Rate Change	CTP	RTP	Def Adj	GW Rate Change	Pension Recl	Bal Sht Only	Goodwill	RTP 2	Ending Balance
A12-1	Engineering Cost-G & A	0	0	0	0	0	0	0	0	0	0	0
A-61 481A COSTS	481(a)- Deductible G&A Costs	(104,586)	0	0	0	0	0	0	0	0	0	(104,586)
A-61 481A COSTS G	481(a)- Deductible G&A Costs	0	0	0	0	0	0	0	0	0	0	0
Defd St Recon	Deferred State Reconciliation	0	0	0	0	0	0	0	0	0	0	0
ST-2: TN Adj	PP Treatment of TN excise tax as credit on gross receipts re	27,859,981	0	0	0	0	0	0	0	0	0	27,859,981
ST-2: TN Adj G	PP Treatment of TN Excise Tax as credit on gross rec (GW)	0	0	0	0	0	0	0	0	0	0	0
STDAMORT	State Amortization	(4,912,811)	0	0	0	278,166	0	0	0	0	0	(4,634,645)
STDAMORT G	State Amortization	0	0	0	0	0	0	0	0	0	0	0
T002	Accrued Severance	10,000	0	(10,000)	0	0	0	0	0	0	0	0
T002G	Accrued Severance (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T004	NSP	(5,135)	0	0	0	0	0	0	0	0	0	(5,135)
T004G	NSP (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T005	Bad Debt Reserve	225,502	0	(19,988)	0	0	0	0	0	0	0	205,514
T005G	Bad Debt Reserve (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T006	Restricted Stock	0	0	0	0	0	0	0	0	0	0	0
T007	Pension - Other	2,348,429	0	126,992	0	0	0	(1,675,438)	0	0	0	799,983
T007G	Pension (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T008	Accrued Bonus	114,016	0	103,061	0	0	0	0	0	0	0	217,077
T008G	Accrued Bonus (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T009	Accrued Post Retirement Benefits	(568,851)	0	(347,413)	0	0	0	(73,619)	0	0	0	(989,883)
T009G	OPEB (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T011	Environmental Response Costs	0	0	0	0	0	0	0	0	0	0	0
T016	Miscellaneous Accrued Liabilities	0	0	0	0	0	0	0	0	0	0	0
T020	Miscellaneous Accrued Taxes	605,613	0	377,737	0	0	0	0	0	0	0	983,350
T020G	Miscellaneous Accrued Taxes (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T033	LNG Maintenance Reserve	0	0	0	0	0	0	0	0	0	0	0
T043	Var Comp	0	0	0	0	0	0	0	0	0	0	0
T055	Charitable Contribution Basis Difference	7,685	0	0	0	0	0	0	0	0	0	7,685
T055G	Charitable Contribution Basis Difference (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T057	Insurance Reserve	35,907	0	(4,649)	0	0	0	0	0	0	0	31,258
T057G	Insurance Reserve (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
T060	Goodwill Amortizations	0	0	0	0	0	0	0	0	0	0	0
T075	Relocation Cost	0	0	0	0	0	0	0	0	0	0	0
T-10: ACC RELO	Accrued Relocation	0	0	0	0	0	0	0	0	0	0	0
T-25: PGA	Purchased Gas Adjustment	0	0	0	0	0	0	0	0	0	0	0
T-481 481 ADJUSTMENT	Section 481 Adjustment	(1)	0	0	0	0	0	0	0	0	0	(1)
T-48A: UNICAP	UNICAP	0	0	0	0	0	0	0	0	0	0	0
T567	Unearned Revenue	3,750	0	(3,000)	0	0	0	0	0	0	0	750
T567G	Unearned Revenue (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
TA01	**Federal Depreciation**	**(73,213,282)**	**0**	**(6,123,847)**	**(828)**	**0**	**0**	**0**	**0**	**0**	**0**	**(79,337,957)**
TA01G	Federal Depreciation (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
TA05	Removal Costs	0	0	0	0	0	0	0	0	0	0	0
TA06	Deductible G & A Costs	0	0	0	0	0	0	0	0	0	0	0
TA11	Contributions in Aid of Construction	0	0	0	0	0	0	0	0	0	0	0
TA12	Engineering Costs	0	0	0	0	0	0	0	0	0	0	0
TA13	Software Amortization	0	0	0	0	0	0	0	0	0	0	0
TA14	Interest and Taxes Charged to Construction	0	0	0	0	0	0	0	0	0	0	0
TA15	Gain/Loss Difference	0	0	0	0	0	0	0	0	0	0	0
TA17	Software Labor	0	0	0	0	0	0	0	0	0	0	0
TA21	Salaries Overhead G and A	0	0	0	0	0	0	0	0	0	0	0
TA76	Organizational Costs	0	0	0	0	0	0	0	0	0	0	0
TA77	OCI - Federal only	0	0	0	0	0	0	0	0	0	0	0
TA77-1	OCI	0	0	0	0	0	0	0	0	0	0	0
TA77-1G	OCI (Goodwill)	0	0	0	0	0	0	0	0	0	0	0
TA77-20	OCI - (Re-established after PPA)	(1,609,261)	0	0	0	0	0	0	0	0	0	(1,609,261)
TA78	Chattanooga Rate Case	0	0	(321,468)	0	0	0	0	0	0	0	(321,468)
T-CONT	Charitable Contributions Carryforward	0	0	0	0	0	0	0	0	0	0	0
TDAMORT	Amortization	0	0	0	0	0	0	0	0	0	0	0

Total	(49,203,024)	0	(6,222,575)	(828)	278,166	0	(1,749,057)	0	0	0	(56,897,318)

PowerTax Deferred Tax Summary Report
Rpt # 257 1/5/2018 4:58 PM
2017 Q4 Provision
008-Chattanooga Gas Company

Grouped By: Total Tax Classes

Jurisdiction: Federal Tax Year: 2017	Beginning Difference	Current Difference	Ending Difference	Beginning APB11 DFIT Balance	Current DFIT	Ending APB11 DFIT Balance	End FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up	Regulatory Liab After Gross-Up
CHG Fed Method/Life	$99,357,944	$5,175,111	$104,533,055	$34,775,281	$1,811,289	$36,586,569	$36,586,569	$1	($1)	$1	($1)
Depreciation Difference	**$99,357,944**	**$5,175,111**	**$104,533,055**	**$34,775,281**	**$1,811,289**	**$36,586,569**	**$36,586,569**	**$1**	**($1)**	**$1**	**($1)**
CHG Fed AFUDC Debt	($955,032)	($232,696)	($1,187,728)	($334,261)	($81,443)	($415,705)	($415,705)	($0)	$0	($0)	$0
CHG Fed AFUDC Equity	$1,726,196	($40,789)	$1,685,407	$604,169	($14,276)	$589,892	$589,892	$0	($0)	$0	($0)
CHG Fed Engineering Costs	$1,843,472	$549,153	$2,392,625	$845,215	$192,203	$837,419	$837,419	$0	($0)	$0	($0)
CHG Fed In Service Date Adds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CHG Fed Internal Software Labor	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CHG Fed Pension Differences	($14,821)	$0	($14,821)	($5,188)	$0	($5,188)	($5,187)	$0	$0	$0	$0
CHG Fed Relocation Costs	$4,397,259	$785,121	$5,182,380	$1,539,041	$274,792	$1,813,833	$1,813,833	$0	($0)	$0	($0)
Book Overhead	**$6,997,073**	**$1,060,789**	**$8,057,862**	**$2,448,976**	**$371,276**	**$2,820,252**	**$2,820,252**	**$0**	**($0)**	**$0**	**($0)**
CHG Fed 3050 481a Bonus	$23,070	($849)	$22,221	$8,074	($297)	$7,777	$7,777	($0)	$0	($0)	$0
CHG Fed 481(a) - Deductible G & .	$94,784	($14,390)	$80,394	$33,174	($5,036)	$28,138	$28,138	$0	($0)	$0	($0)
CHG Fed CIAC	($3,174,689)	$80,681	($3,094,008)	($1,111,141)	$28,238	($1,082,903)	($1,082,903)	($0)	$0	($0)	$0
CHG Fed Contra Difference	($45,629)	$25,052	($20,577)	($15,970)	$8,768	($7,202)	($7,202)	$0	$0	$0	$0
CHG Fed Deductible G & A Costs	$375,145	$36,995	$412,140	$131,301	$12,948	$144,249	$144,249	$0	$0	$0	$0
CHG Fed G & A SALARY O/H	$1,695	$358,262	$359,957	$593	$125,392	$125,985	$125,985	($0)	$0	($0)	$0
Tax Overhead	**($2,725,624)**	**$485,752**	**($2,239,872)**	**($953,969)**	**$170,013**	**($783,955)**	**($783,955)**	**$0**	**$0**	**$0**	**$0**
Total Tax Classes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jurisdiction Totals:	**$103,629,394**	**$6,721,652**	**$110,351,046**	**$36,270,288**	**$2,352,578**	**$38,622,866**	**$38,622,866**	**$1**	**($1)**	**$2**	**($1)**

Ending Def Balance per Power Tax = 110, 351,046
G/W in OTP but not in Power Tax = 6,369,078

Total	116,720,124
OTP Total	116,627,232

Diff (Immaterial) 92,892

PowerTax Deferred Tax Summary Report
Rpt # 257 1/5/2018 5:01 PM
2017 Q4 Provision
008-Chattanooga Gas Company

Grouped By: Total Tax Classes

Jurisdiction: State Tax Year: 2017	Beginning Difference	Current Difference	Ending Difference	Beginning APB11 DFIT Balance	Current DFIT	Ending APB11 DFIT Balance	End FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up	Regulatory Liab After Gross-Up
CHG St Method/Life	$62,613,216	$4,141,719	$66,754,935	$5,742,582	$375,177	$6,117,759	$6,077,436	$0	($40,323)	$1	($68,249)
Depreciation Difference	**$62,613,216**	**$4,141,719**	**$66,754,935**	**$5,742,582**	**$375,177**	**$6,117,759**	**$6,077,436**	**$0**	**($40,323)**	**$1**	**($68,249)**
CHG St AFUDC Debt	($955,032)	($232,696)	($1,187,728)	($87,316)	($21,175)	($108,491)	($108,132)	($0)	$359	($0)	$608
CHG St AFUDC Equity	$1,726,196	($40,789)	$1,685,407	$158,103	($3,741)	$154,362	$153,441	$0	($921)	$0	($1,558)
CHG St Engineenng Costs	$1,843,472	$549,153	$2,392,625	$168,518	$49,977	$218,495	$217,827	$0	($668)	$0	($1,131)
CHG St In Service Date Adds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CHG St Internal Software Labor	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CHG St Pension Differences	($14,821)	$0	($14,821)	($1,363)	$0	($1,363)	($1,349)	$0	$14	$0	$23
CHG St Relocation Costs	$4,397,259	$785,121	$5,182,380	$402,150	$71,430	$473,579	$471,809	$0	($1,770)	$0	($2,997)
Book Overhead	**$6,997,073**	**$1,080,789**	**$8,057,862**	**$640,091**	**$96,491**	**$736,582**	**$733,596**	**$0**	**($2,986)**	**$0**	**($5,054)**
CHG St 3050 481a Bonus	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CHG St 481(a) - Deductible G & A	$152,005	($18,756)	$133,249	$13,875	($1,696)	$12,179	$12,131	$40	($88)	$68	($148)
CHG St CIAC	($3,305,821)	$90,515	($3,215,306)	($303,222)	$8,430	($294,792)	($292,725)	($0)	$2,067	($0)	$3,498
CHG St Contra Difference	($45,629)	$25,052	($20,577)	($4,196)	$2,304	($1,892)	($1,873)	$0	$19	$0	$32
CHG St Deductible G & A Costs	$412,031	$34,229	$446,260	$37,716	$3,094	$40,811	$40,628	($0)	($183)	($0)	($309)
CHG St G & A SALARY O/H	$1,695	$358,262	$359,957	$154	$32,617	$32,771	$32,771	$0	$0	$0	$0
Tax Overhead	**($2,785,720)**	**$489,302**	**($2,296,417)**	**($255,673)**	**$44,749**	**($210,924)**	**($209,068)**	**$40**	**$1,815**	**$68**	**$3,073**
Total Tax Classes	**$66,824,570**	**$5,691,810**	**$72,516,380**	**$6,127,000**	[illegible]	**$6,643,417**	**$6,601,964**	**$41**	[illegible]	[illegible]	[illegible]
Jurisdiction Totals:	**$66,824,570**	**$5,691,810**	**$72,516,380**	**$6,127,000**	**$516,417**	**$6,643,417**	**$6,601,964**	**$41**	**($41,493)**	**$69**	**($70,230)**

Ending Def Balance per Power Tax =	72,516,380
G/W in OTP but not in Power Tax =	6,369,078
Total	78,885,458
OTP Total	79,337,937
Diff (Unreconciled from previous yrs)	454,479

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-379 SUPPLEMENTAL REQUEST

Question:

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:

The formula references in CPAD-1-282 reference the state effective rates. The Company's response to CPAD-1-282 provides support for the December 2017 yearend accumulated deferred income tax (ADIT) balances that reconcile to the general ledger, other than the reconciling variances noted in the attachment.

The Company's rate case filing includes ADIT and excess deferred income tax (EDIT) balances restated at the statutory state rate. See the Company's response to CPAD-1-373 for the calculation and supporting details of the Company's ADIT and EDIT balances.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-380 SUPPLEMENTAL REQUEST

Question:

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:

Confirmed, the response to CPAD-1-157 is limited to the impact of the change from the effective rate to the statutory rate on excess deferred income taxes (EDITs), the response did not amend all files within MFG 69-8.

Forecasted ADITs filed in MFG 69-8 were calculated using the statutory state rate. However, there are other updates to MFG 69-8 that have been noted in the discovery process. See the Company's response to CPAD-1-373 for the amended filing of MFG 69-8 which includes the calculation and supporting details of the Company's ADIT and EDIT balances.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-381 SUPPLEMENTAL REQUEST

Question:

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:

Please see CPAD-1-381 Attachment, which is an update to attachment CPAD-1-341. This updated includes legal claims charged from SCS to AGSC and then allocated to CGC.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-386 SUPPLEMENTAL REQUEST

Question:

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:

The increase is a result of a regulatory adjustment of $305,049 to the line item as identified in CGC TPUC MFG Item 25-1, tab IS Detail MFG 25-2. The regulatory adjustment is the Company's proposed three-year amortization of the deferred rate case expenses. The source and support for the proposed amortization is provided in MFG 58.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-387 SUPPLEMENTAL REQUEST

Question:

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:

Yes, I 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. The components included in the rate are the same in 2016 and 2017; however, to maintain that comparability, we had to reduce net assets (which did include goodwill in 2017 but not 2016) by the amount of goodwill recorded as a result of the acquisition of Southern Company Gas by The Southern Company. This is considered appropriate since goodwill is not an indicator of what may drive the level of services provided by those service providers that utilize the composite ratio, and, from a ratemaking perspective, the gas distribution utilities of Southern Company Gas are not seeking recovery of any of the balances of goodwill. Therefore, goodwill should be excluded from the computation of the composite ratio.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-388 SUPPLEMENTAL REQUEST

Question:

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:

The composite ratio for the periods 2013-2016 was 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. The components included in the composite ratio calculation were the same from 2013 through 2016. However, as noted in the Company's response to CPAD-1-387, to maintain comparability in 2017 net assets (which did include goodwill in 2017 but not 2016) were reduced by the amount of goodwill recorded as a result of the acquisition of Southern Company Gas by The Southern Company. This is considered appropriate since goodwill is not an indicator of what may drive the level of services provided by those service providers that utilize the composite ratio, and, from a ratemaking perspective, the gas distribution utilities of Southern Company Gas are not seeking recovery of any of the balances of goodwill. Therefore, goodwill should be excluded from the computation of the composite ratio.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
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Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-389 SUPPLEMENTAL REQUEST

Question:

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:

Composite ratio is used to distribute or allocate administrative and general type of costs that do not have a single factor or ratio that can provide a clear cost-benefit relationship. We selected four components from the list of methods we use to distribute or allocate costs that are not directly charged or assigned because labor (number of employees), investment (total assets), profitability (operating margin) and expenses (operating expenses) are key drivers of cost and the level of benefit associated with this type of service across different subsidiaries. The factors involving assets, profitability and labor are typically used to allocate administrative and general expenses, such as the Massachusetts formula, which has been accepted by the Federal Energy Regulatory Commission. We did not select the other two components – number of end-use customers and call/phone volume – as they tend to be more specifically associated with services involving customers rather than administrative and general service.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
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Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-390 SUPPLEMENTAL REQUEST

Question:

Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(I) 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:

(a) CGC objects to this request in that it seeks information and/or documents from other entities that are not within CGC's possession, custody, or control. Moreover, this request is not reasonably calculated to lead to the discovery of admissible evidence nor is the subject matter of the request relevant to the subject matter of this action as set forth in the Petition to the extent this request is seeking information regarding corporate formation and activities of an affiliate that is not subject to the jurisdiction of the Tennessee Public Utility Commission.

(b) CGC objects to this request in that it seeks information and/or documents from other entities that are not within CGC's possession, custody, or control. Moreover, this request is not reasonably calculated to lead to the discovery of admissible evidence nor is the subject matter of the request relevant to the subject matter of this action as set forth in the Petition to the extent this request is seeking information regarding corporate formation and activities of an affiliate that is not subject to the jurisdiction of the Tennessee Public Utility Commission.

(c) The allocations financial information is derived from the Southern Company Gas ("GAS") enterprise accounting system and includes all entities for which GAS maintains historical records. This includes entities with no active operations as well as entities that are used for GAAP and tax accounting presentation purposes. Companies listed in footnote A, with the exclusion of GL29 (AGSC), carry only intercompany, income tax, and/or equity amounts on balance sheets. There are no active operations for these entities; however, in some cases, the legal entity remains open (i.e., has not been formerly dissolved). All elimination entities are used exclusively for financial reporting consolidations. Ownership of Renewco and AGL Renewables entities transferred to The Southern Company in 2017. AGSC does not receive allocated costs and is not included in composite rate calculations, as GL29 serves as the source ledger for costs subject to allocation.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-391 SUPPLEMENTAL REQUEST

Question:

Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(I) 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:

The entities listed in Footnote A do not have a service agreement with the services company. Footnote A should state that, "Business Unit does not receive allocations because they do not have a service agreement with AGSC and therefore do not receive services from AGSC,..."

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-392 SUPPLEMENTAL REQUEST

Question:

Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(I) 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:

Please see the Company's response to CPAD-1-390.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-393 SUPPLEMENTAL REQUEST

Question:

Refer to the Company's response to CPAD 1-347. Specifically refer to confidential attachment CPAD 1-347(I) 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:

See the Company's response to CPAD-1-390.

Contact Person: Gary Tucker

CHATTANOOGA GAS COMPANY
Docket No. 18-00017
Chattanooga Gas Company's 2018 Rate Case

Consumer Protection and Advocate Division (CPAD)
Data Request Set: CPAD-1

CPAD-1-394 SUPPLEMENTAL REQUEST

Question:

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:

Responses have been provided for CPAD 1-177f, 1-177g, 1-178f, and 1-178g in the amended responses to CPAD-1-177 and CPAD-1-178.

Contact Person: Gary Tucker