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**TN PUBLIC UTILITY COMMISSION
DOCKET OFFICE**

June 27, 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:

CGC is filing revised or updated responses to CPAD Discovery Requests. All of these responses have already been provided to CPAD by e-mail. As of this filing, there are no remaining responses due to CPAD.

Consistent with prior filings in this matter, CGC will be hand delivering 5 sets of CDs containing public information and 5 sets of confidential CDs being filed pursuant to the Protective Order in this matter.

Contained in the public CDs are the following documents:

CPAD-1-175
CPAD-1-178
CPAD-1-277
CPAD-1-400

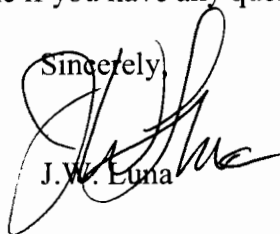
Confidential CDs contain responses as follows:

CPAD-1-175 (Confidential Attachment)
CPAD-1-178 (Confidential Attachment)
CPAD-1-400 (Confidential Attachment)

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

Sincerely,

J.W. Luna



June 27, 2018

Page 2

Enclosures

cc: Monica Smith-Ashford, Esq.
Vance Broemel, Esq. (via hand delivery)
Wayne Irvin, Esq. (via hand delivery)
Henry Walker, Esq. (via U.S. Mail)
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-1-175

Question:

Provide a monthly update of rate case costs incurred to date.

Response:

See Attachment CPAD-1-175 Confidential (May 2018) for rate case cost incurred through May 2018.

Further Response 6.21.2018:

Although not part of the original request or information that has been previously provided with this request, the Consumer Advocate has requested and the Company has agreed to provide the invoices supporting the rate case costs incurred through May 2018 in this revised response dated 6.21.2018 except for privileged attorney detailed invoices. CGC objects to this request to the extent that it is seeking attorney work product or attorney-client privileged communications, information that is reflected in the detailed itemized invoices of CGC's attorneys in this matter. Accordingly, CGC shall not provide the privileged detailed invoices of its attorneys. With respect to CGC's other invoices in connection with this matter:

See Attachment CPAD-1-175 Confidential (6.21.18) for a summary of rate case costs by month (including attorneys) incurred through May 2018, the attachment includes references to invoices supporting all non-legal costs.

Rate case invoices not previously provided in other requests have been provided in confidential Attachments CPAD-1-175a through CPAD-1-175n.

Contact Person: Gary Tucker; objections provided by Counsel.

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-1-178

Question:

Provide the forecasted capital structure and cost rates on short term debt, long term debt, preferred stock, and common equity for the attrition year ending June 30, 2019, for:

- (a) Chattanooga Gas Company, subsidiary only.
- (b) AGL Resources, Inc., parent only.
- (c) AGL Resources, Inc., consolidated
- (d) Southern Company Gas, consolidated.
- (e) Southern Company Gas, parent only.
- (f) Southern Company, consolidated.
- (g) Southern Company, parent only.

Include in your response all supporting source documentation, work papers, and calculations.

Revised Response (May 21, 2018):

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 projected or forecasted capital structure and costs associated with Southern Company Parent and Southern Company Consolidated. Notwithstanding the foregoing and without waiving its objections, CGC states:

(a) & (b) Chattanooga Gas Company and AGL Resources, Inc. parent only/Southern Company Gas parent only forecasts of capital structure and cost of debt are not available. The Company only forecasts capital structure and cost of debt on an AGL Resources, Inc./Southern Company Gas consolidated basis.

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

(c) & (d) See CGC TPUC MFG Item 81–1 through 6. In this MFG, the Company provides the forecasted capital structure and cost of debt based on AGL Resources, Inc. consolidated/Southern Company Gas consolidated.

(e), (f), & (g) The Company's financing is provided by AGL Resources, Inc. consolidated (prior to July 1, 2016) and Southern Company Gas, consolidated (since July 1, 2016). Therefore, Southern Company, consolidated and parent only are not the appropriate level for the determination of the cost of capital for Chattanooga Gas Company in this proceeding.

Further Response (June 27, 2018):

Pursuant to the Hearing Officer's decision, see CPAD-1-178 CONFIDENTIAL Attachment for the information responsive to subparts (f) and (g).

Contact Person: Gary Tucker; objection provided by Counsel.

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-1-277

Question:

Refer to the spreadsheet included with the Company's response to MFG 69 regarding account balances. Specifically refer to the "MFG 69-2" tab of this spreadsheet that provides supporting data for the Company's forecasted CWIP. Provide the source and support for the "AGSC allocated CWIP" of \$881,194 in Cell I45 of this spreadsheet that is presented as a hard-coded number.

Response:

See CPAD-1-277 Attachment Supplement Request.

Further Response (6-18-2018):

The Company has revised this response to provide additional detail regarding AGSC CWIP from January 2010 through December 2017.

Please see CPAD-1-277b Attachment Rev. 6-18-2018 for details regarding AGSC CWIP from January 2010 December through 2017. Please note, prior to November 2013, CWIP activity was maintained in a different accounting system. As such, for CWIP prior to November 2013, account balances and work order details are not readily available. The Company has provided monthly work order activity from January 2010 through October 2013. From November 2013 through December 2017, the Company has provided monthly CWIP balances by work order with descriptions.

CPAD-1-277 Attachment Supplement Request has been relabeled as CPAD-1-277a Attachment Rev. 6-18-2018. No other revisions were made to this attachment.

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-1-400

Question:

Refer to the Company's response to CPAD 1-336 regarding allocated plant and provide the following information.

- a. Identify each entity that was allocated costs from AGL Services Company (GL29) from January 2010 through December 2017.
- b. For each entity identified above, provide the annual income statement from 2010 through 2017 in the same format as the "(D) & (E) Inc Stmt All (12.2017)" tab of the response to CPAD 1-336, along with the monthly allocation factor for each entity.
- c. For each entity identified above, provide the annual number of customers from 2010 through 2017.
- d. For each entity identified above, provide the annual net investment (plant less accumulated depreciation) from 2010 through 2017.

Response:

(a) CGC objects to this request in that it is overly broad, unduly burdensome, expensive, oppressive, and excessively time consuming and not reasonably calculated to lead to the discovery of admissible evidence nor is the information being sought relevant to the subject matter of this docket as set forth in the Petition. Notwithstanding the foregoing and without waiving its objections, CGC states:

Subject to and without waiving this objection, please see the Company's revised response to CPAD-1-148 for a copy of the Company's affiliate transaction report for the twelve-month ending period September 2017. This report provides service company costs allocated to affiliate companies by service provider. Additionally, please refer to the Company's initial response to CPAD 1-148, attachments 1-148a – 1-148c, which provide, by month and by affiliate, allocated comparisons of actual to budget allocated costs for 2015 – 2017. These attachments provide the affiliates that were allocated costs during those three years.

(b) through (d): 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. This request is overly broad, unduly burdensome, expensive,

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

oppressive, and excessively time consuming and not reasonably calculated to lead to the discovery of admissible evidence nor is the information being sought relevant to the subject matter of this docket as set forth in the Petition. This request is seeking detailed financial information regarding every company allocated costs by AGL Services Company, none of which, other than CGC, are subject to the jurisdiction of this Commission. The time periods and level of detail requested is irrelevant. Notwithstanding the foregoing and without waiving its objections, CGC states:

Please see the Company's response to CPAD-1-144 for the allocation factors used by the Company to allocate service company costs. The response provides the end use customers, which are used to allocate costs from certain service providers to the distribution utilities of GAS.

Also see the Company's response to CPAD-1-347. This response includes the composite ratio allocation and its components. This includes the income statement requested in part (b) above and net investments, requested in part (d) above, which includes total assets less intercompany accounts as a component of the composite ratio.

Finally, it is important to note that the company does not have allocation factors by entity as requested in part (b) above. Rather, AGSC allocates costs by service provider, and the allocation factors used are dependent on the service provider providing the services. Please refer to CPAD 1-13 for the services agreement, specifically Exhibit I of the agreement which is the Policies and Procedures Manual for allocating costs from AGSC to its affiliates receiving services. This manual provides the list of service providers and the specific services they provide as well as the allocation factor used by each service provider.

Further Response 6.22.2018:

Pursuant to the Hearing Officer's decision, the information requested has been provided for the periods 2013 through 2017.

As noted in the Company's originally filed response, the company does not have allocation factors by entity as requested in part (b) above. Rather, AGSC allocates costs by service provider, and the allocation factors used are dependent on the service provider providing the services. Please refer to CPAD 1-13 for the services agreement, specifically Exhibit I of the agreement which is the Policies and Procedures Manual for allocating costs from AGSC to its affiliates receiving services. This manual provides the list of service providers

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

and the specific services they provide as well as the allocation factor used by each service provider.

The allocation factor provided in part b. below is simply each entity's portion of allocated costs over the total service company costs for that period. This factor has been routinely used by CGC to allocate service company plant in service, accumulated reserve, accumulated deferred income taxes, etc, for rate setting purposes.

- a. See CPAD-1-400 Attachment CONFIDENTIAL, tabs 1-65 for the requested information.
- b. See CPAD-1-400 Attachment CONFIDENTIAL, tabs 1-65 for the annual income statement and the monthly allocation factor for each entity.
- c. See CPAD-1-400 Attachment CONFIDENTIAL, tab Customers (number 66), for the requested information.
- d. See CPAD-1-400 Attachment CONFIDENTIAL, tabs labeled net investment (tabs 67 through 71), for the requested information.

Contact Person: Gary Tucker; objections provided by Counsel.