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August 28, 2018

Chairman Robin L. Morrison  
c/o Sharla Dillon  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243

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

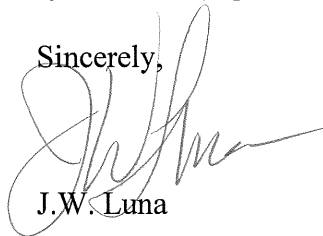
Dear Chairman Morrison:

Chattanooga Gas Company ("CGC") is filing today its updated response to TPUC's Workbook Request requested by TPUC Staff during the hearing on this matter. This document includes both the originally requested eight tab spreadsheet along with the associated supporting MFGs.

Supporting documentation is being provided to all parties separately due to size of the document.

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. (via hand delivery)  
Wayne Irvin, Esq. (via hand delivery)  
Henry Walker, Esq. (via U.S. Mail)  
Floyd Self, Esq.

Chattanooga Gas Company  
Index to Schedules  
For the Twelve Months Ended June 30, 2019

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Schedule 1

Chattanooga Gas Company  
Revenue Deficiency (Surplus)  
For the Twelve Months Ended June 30, 2019

Line No.		Revised Attrition Year	A/ Difference	CPAD Revised Filing	B/ 
1	Rate Base	\$ 157,795,287	\$ (18,685,356)	\$ 139,109,931	
2	Operating Income at Present Rates	7,844,280	\$ 2,341,236	10,185,516	
3	Earned Rate of Return (L 2 / L 1)	4.97%		7.32%	
4	Fair Rate of Return	7.833%		5.930%	
5	Required Operating Income (L 1 x L 4)	\$ 12,359,947	\$ (4,110,727)	\$ 8,249,220	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	4,515,667	\$ (6,451,963)	(1,936,296)	
7	Gross Revenue Conversion Factor	1.353160		1.347191	
8	Revenue Deficiency (Surplus)	<u>\$ 6,110,420</u>	\$ (8,718,981)	<u>\$ (2,608,560)</u>	
		\$ 1			

A/ Referenced data, support included in this workbook.

B/ CPAD Revised Exhibits - Tab OpsResults

Schedule 2

Chattanooga Gas Company  
Rate Base  
For the Twelve Months Ended June 30, 2019

Line No.	Additions:	Test Year A/	Adjustments	Ref.	Revised Attrition Year B/	Difference	CPAD Revised Filing	
1	Utility Plant in Service	\$ 267,153,664	34,261,361		\$ 301,415,025	(173,614)	301,241,411	C/
2	Construction Work in Progress	4,635,841	7,821,598		12,457,439	(5,876,561)	6,580,878	D/
3	Other	-	-		-	-	-	
4	Working Capital	8,017,786	2,490,697		10,508,483	(2,088,502)	8,419,981	E/
5	OPEBs & Pension	7,832,210	1,177,481		9,009,690	(9,009,690)	-	F/
6	Total Additions	<u>\$ 287,639,501</u>			<u>\$ 333,390,638</u>		<u>\$ 316,242,270</u>	
Deductions:								
7	Accumulated Depreciation	\$ 120,376,732	7,526,707		\$ 127,903,439	4,047,971	\$ 131,951,410	G/
8	Contributions in Aid of Construction	(0)	0		-	-	-	
9	Advances in Aid of Construction	270,871	(270,871)		-	-	-	H/
10	Accumulated Deferred Tax	45,157,312	(19,643,046)		25,514,266	(2,836,154)	22,678,112	I/
11	Other	-	22,177,646		22,177,646	325,171	22,502,817	J/
12	Total Deductions	<u>\$ 165,804,915</u>			<u>\$ 175,595,351</u>		<u>\$ 177,132,339</u>	
13	Rate Base	<u>\$ 121,834,586</u>			<u>\$ 157,795,287</u>		<u>\$ 139,109,931</u>	
					\$ -			

A/ Referenced data, support included in the Test Period tabs of this workbook.

B/ Referenced data, support included in this workbook.

C/ CPAD Revised Exhibits, Tab CompRateBase, Line 1

D/ CPAD Revised Exhibits, Tab CompRateBase, Line 2

E/ CPAD Revised Exhibits, Tab CompRateBase, Lines 4-8 less Lines 15-19

F/ CPAD Revised Exhibits, Tab CompRateBase, Line 3

G/ CPAD Revised Exhibits, Tab CompRateBase, Line 10

H/ CPAD Revised Exhibits, Tab CompRateBase, Line 14

I/ CPAD Revised Exhibits, Tab CompRateBase, Line 11

J/ CPAD Revised Exhibits, Tab CompRateBase, Lines 12 and 13

Schedule 3

Chattanooga Gas Company  
 Income Statement at Current Rates  
 For the Twelve Months Ended June 30, 2019

Line No.		Test Year A/	Adjustments	Revised Attrition Year B/	Difference	CPAD Revised Filing	
1	Revenues - Sales, Forfeited Discounts & Other	\$ 67,565,720	2,691,053	\$ 70,256,773	5,158,441	\$ 75,415,214	C/
2	Cost of Gas	36,860,711	1,113,267	37,973,978	4,791,443	42,765,421	D/
3	Gross Margin on Sales and Service	\$ 30,705,009	1,577,787	\$ 32,282,795	366,998	\$ 32,649,793	
4	AFUDC	93,594	806,761	900,355	(560,141)	340,214	E/
5	Operating Margin	\$ 30,798,603		\$ 33,183,150		\$ 32,990,007	
6	Other Operation and Maintenance	\$ 12,038,831	1,414,755	\$ 13,453,586	(2,489,409)	\$ 10,964,177	F/
7	Interest on Customer Deposits	86,098	10,642	96,740	17,575	114,315	G/
8	Depreciation and Amortization Exp.	6,917,916	1,117,733	8,035,649	(186,947)	7,848,702	H/
9	Taxes Other Than Income	3,475,088	48,859	3,523,947	309,471	3,833,418	I/
10	State Excise Tax	312,075	(22,142)	289,933	80,699	370,631	J/
11	Federal Income Tax	942,707	(1,003,692)	(60,985)	(265,767)	(326,752)	K/
12	Total Operating Expense	\$ 23,772,715		\$ 25,338,870		\$ 22,804,491	
13	Net Operating Income for Return	\$ 7,025,888		\$ 7,844,280		\$ 10,185,516	
				\$ -			

A/ Referenced data, support included in the Test Period tabs of this workbook.

B/ Referenced data, support included in this workbook.

C/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Lines 1 and 2

D/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Line 5

E/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Line 3

F/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Lines 6 and 7

G/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Line 10

H/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Line 9

I/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Line 11

J/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Line 12

K/ CPAD Revised Exhibits, Tab ClncStmnt-Crrnt, Line 13

Schedule 4

Chattanooga Gas Company  
Operation & Maintenance Expenses  
For the Twelve Months Ended June 30, 2019

Line No.		Test Year A/	Adjustments	Revised Attrition Year B/	Difference	CPAD Revised Filing C/
1	Payroll Expense	\$ 3,028,489	496,861	\$ 3,525,350	(541,902)	\$ 2,983,448
2	Employee Benefits	933,858	(300,997)	632,861	95,576	728,437
3	Benefits Capitalized	(72,402)	13,145	(59,257)	(43,818)	(103,075)
4	Fleet Services and Facilities Expense	803,695	(75,509)	728,185	94,746	822,931
5	Outside Services	1,823,532	264,401	2,087,933	(209,597)	1,878,336
6	Bad Debt Expenses	129,715	(1,744)	127,970	(6,107)	121,863
7	Sales Promotion Expense	34,077	37,814	71,891	(19,317)	52,574
8	Customer Service and Account Expense	8,533	(2,051)	6,482	(1,651)	4,831
9	Administrative and General Expenses	580,708	131,815	712,523	117,330	829,853
10	Admin & Gen. Salaries & Exp. Capitalized	(73,550)	6,832	(66,719)	(2,971)	(69,690)
11	Other Distribution and Storage Expense	735,624	68,524	804,148	(206,854)	597,294
12	AGL Service Company Allocations	4,106,553	775,664	4,882,218	(1,764,843)	3,117,375
13	Total O&M Expense	<u>\$ 12,038,831</u>		<u>\$ 13,453,586</u>		<u>\$ 10,964,177</u>
				\$ -		

A/ Referenced data, support included in the Test Period tabs of this workbook.

B/ Referenced data, support included in this workbook.

C/ CPAD Revised Exhibits, Tab O+M Expenses

Schedule 5

Chattanooga Gas Company  
Taxes Other Than Income Taxes  
For the Twelve Months Ended June 30, 2019

Line No.		Test Year A/	Adjustments	Revised Attrition Year	B/	Difference	CPAD Revised Filing	C/
1	Property Taxes	\$ 1,857,912	117,606	\$ 1,975,518		64,368	\$ 2,039,886	
2	State Gross Receipts Tax	664,142	(212,301)	451,841		453,145	904,986	
3	Net Payroll Taxes	191,680	23,135	214,815		141,156	355,971	
4	State Franchise Tax	252,571	156,716	409,287		(268,237)	141,050	
5	Allocated Taxes Other Than Income	136,975	20,437	157,412		(157,412)	-	
6	TRA Inspection Fee	371,808	(56,734)	315,074		76,451	391,525	
7	Total Taxes Other Than Income Taxes	<u>\$ 3,475,088</u>		<u>\$ 3,523,947</u>			<u>\$ 3,833,418</u>	
				\$ -				

A/ Referenced data, support included in the Test Period tabs of this workbook.

B/ Referenced data, support included in this workbook.

C/ CPAD Revised Exhibits, Tab Taxes Other

Schedule 6

Chattanooga Gas Company  
Excise and Income Taxes  
For the Twelve Months Ended June 30, 2019

Line No.		Test Year A/	Adjustments	Ref.	Revised Attrition Year B/	Difference	CPAD Revised Filing
1	Operating Margin	\$ 30,705,009	2,478,141		\$ 33,183,150	(193,143)	\$ 32,990,007 C/
2	Other Operation and Maintenance	12,038,831	1,414,755		13,453,586	(2,489,409)	10,964,177 D/
3	Depreciation and Amortization Expense	6,917,916	1,117,733		8,035,649	(186,947)	7,848,702 E/
4	Taxes Other Than Income	3,475,088	48,859		3,523,947	309,471	3,833,418 F/
5	NOI Before Excise and Income Taxes	\$ 8,273,174	(103,206)		\$ 8,169,968	2,173,742	\$ 10,343,710
6	less Interest on Customer Deposits	86,098	10,642		96,740	17,575	114,315 G/
7	less AFUDC	-	-		-	340,214	340,214 H/
8	less Interest Expense	3,399,185	221,112		3,620,297	288,692	3,908,989 I/
9	Pre-tax Book Income	\$ 4,787,891	(334,961)		\$ 4,452,931	1,527,261	\$ 5,980,192
10	Schedule M Adjustments	13,265	(5,691) A/		7,574	(7,574)	-
11	Excise Taxable Income	\$ 4,801,156	(340,652)		\$ 4,460,505	1,519,687	\$ 5,980,192
12	Excise Tax Rate	6.50%	-		6.50%	-	6.50%
13	Excise Tax Expense	\$ 312,075	(22,142)		\$ 289,933	98,780	\$ 388,712
14	Amortization of Deferred Tax Liability - State	-	-		-	(18,081)	(18,081) J/
15	Excise Tax	\$ 312,075	(22,142)		\$ 289,933	-	\$ 370,631
16	Pre-tax Book Income	\$ 4,787,891	(334,961)		\$ 4,452,931	1,527,261	\$ 5,980,192
17	Excise Tax	312,075	(22,142)		289,933	80,699	370,631
18	Schedule M Adjustments	13,265	(5,691)		7,574	(7,574)	-
19	FIT Taxable Income	\$ 4,489,081	(318,509)		\$ 4,170,572	-	\$ 5,609,560
20	FIT Rate	21.00%	-		21.00%	-	21.00%
21	Subtotal FIT	\$ 942,707	(66,887)		\$ 875,820	302,188	\$ 1,178,008
22	Less: ITC Amortization	-	-		-	-	-
23	Federal Income Tax Expense	\$ 942,707	(66,887)		\$ 875,820	-	\$ 1,178,008
24	Amortization of Deferred Tax Liability - Federal	(35,585)	14,234		(21,351)	(0)	(21,351) K/
25	Amortization of Deferred Tax Liability - State	(18,081)	-		(18,081)	18,081	-
26	Amortization of Deferred Federal Tax Liability - Tax Cuts & Jobs Act	-	(897,373)		(897,373)	(332,893)	(1,230,266) L/
27	2018 Tax Savings Amortization	-	-		-	(253,143)	(253,143) M/
28	Tennessee Excise and Federal Income Tax Expense	\$ 1,201,116	(972,169)		\$ 228,948	(185,069)	\$ 43,879
					\$ (0.00)		

A/ See CGC TPUC MFG Item 61, tab 61-4

B/ Referenced data, support included in this workbook.

C/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 1 less Line 2

D/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 3

E/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 4

F/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 6

G/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 5

H/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 9

I/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 10

J/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 15

K/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 24

L/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 25

M/ CPAD Revised Exhibits, Tab Excise&IncomeTax, Line 26

Schedule 7

Chattanooga Gas Company  
 Revenue Conversion Factor  
 For the Twelve Months Ended June 30, 2019

Line No.		Amount	Balance	A/
1	Operating Revenues		1.000000	
2	Add: Forfeited Discounts	0.003840	0.003840	
3	Balance		1.003840	
4	Uncollectible Ratio	0.003339	0.003352	
5	Balance		1.000488	
6	State Excise Tax	0.065000	0.065032	
7	Balance		0.935457	
8	Federal Income Tax	0.210000	0.196446	
9	Balance		0.739011	
10	Revenue Conversion Factor (1 / Line 9)		1.353160	

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A/ Referenced data, support included in this workbook.

Schedule 8

Chattanooga Gas Company  
Cost of Capital  
For the Twelve Months Ended June 30, 2019

Line No.		Ratio	Cost	Weighted Cost	A/ Total Weighted Cost of Debt	Difference	CPAD Weighted Cost Rate	B/
1	Short Term Debt	6.30%	3.01%	0.190%		0.000%	0.190%	
2	Long Term Debt	44.47%	4.73%	2.105%		-0.004%	2.100%	
3	Parent Short-Term Debt	0.00%	0.00%	0.000%		0.080%	0.080%	
4	Parent Long-Term Debt	0.00%	0.00%	0.000%		0.440%	0.440%	
5	Preferred Stock	<u>0.00%</u>	0.00%	<u>0.000%</u>		0.000%	<u>0.000%</u>	
	Total Debt	50.77%		2.294%	4.52%	0.516%	2.810%	
6	Stockholder's Equity	<u>49.23%</u>	11.25%	<u>5.54%</u>		-2.419%	<u>3.120%</u>	
7	Total	<u>100.00%</u>		<u>7.833%</u>			<u>5.930%</u>	

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A/ Referenced data, support included in this workbook.

B/ CPAD Revised Exhibits, Tab RateofReturn, Lines 1 through 5

ADDITIONAL DOCUMENTATION PROVIDED ELECTRONICALLY