

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

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

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

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This First Discovery Request is hereby served upon Chattanooga Gas Company pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20th Floor, Nashville, Tennessee 37243, c/o Wayne M. Irvin, on or before 4:00 p.m. (CDT), April 10, 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 discovery requests 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.

To the extent that the data or information requested is incorporated or contained in a document, identify the document.

Provide all responses in the format in which they are created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in

the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document and state the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

The terms “you” or “your” or “Company” or “CGC” as used herein mean Chattanooga Gas Company and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

The term “affiliate” means any entity that controls, is controlled by, or is under common control with the Company. For the avoidance of doubt, The Southern Company (TSC), Southern Company Gas (SCG), Southern Company Services, Inc. (SCSI), and Atlanta Gas Services Company (AGSC) (and any predecessor or successor entity of TSC, SCG, SCSI, or AGSC), and any other direct or indirect subsidiary, joint venture, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever in which TSC, SCG, SCSI, or AGSC has at least a 50% interest in, or otherwise controls by agreement or other means or method, shall be deemed an affiliate.

The terms “person” or “entity” as used herein refers to any natural person, corporation, limited liability company, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

The term “communication” means any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone

conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.

The term “document” as used herein shall have the broadest possible meaning under applicable law. “Document” as used herein means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), workpaper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, state what disposition was made of the document and when it was made.

The term “identify” with respect to:

- (a) any natural person, means to state the full name, telephone number, and the last known address of business address of the person and that person’s relationship, whether business, commercial, professional, or personal with you;
- (b) any legal person, business entity or association, means to state the full name, telephone number, and last known address of such person or entity;
- (c) any document, means to state the type of document (e.g., letter), the title, the subject matter, the date the document bears and the date it was written; and
- (d) any oral communication, means to state the date when and the place where it was made, the identity of the person who made it, the identity of the person or persons who were present or who heard it, and the substance of it.

“Relates to” means constitutes, contains, records, discusses, summarizes, discloses, and/or refers to, in whole or in part.

“And” and “or” shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.

“Including” shall be construed to mean including but not limited to.

The singular shall include the plural, and vice-versa, where appropriate.

FIRST DISCOVERY REQUESTS

GENERAL

- 1-1. Refer to the Company’s response to MFG-21 regarding copies of the general ledger. Provide this same information for each fiscal from 2010 through the present.

RESPONSE:

- 1-2. Refer to the Company’s response to MFG-23 regarding copies of the monthly trial balance. Update this response to provide a monthly trial balance from January 2010 to December 2017 with each month presented as a separate column in a single spreadsheet for each entity (as opposed to a separate page for each month). In addition, provide the detailed subaccount balances of plant in service and accumulated depreciation from January 2010 to December 2017 with each month presented as a separate column in a single spreadsheet for each entity.

RESPONSE:

- 1-3. Provide all written accounting, tax, regulatory or other policies that are currently being used or have been adopted by CGC or that are currently being used or have been adopted by CGC affiliates that also are currently applicable to CGC. Provide any such policies that have terminated in the most recent twenty-four months.

RESPONSE:

- 1-4. Provide a copy of the Company’s Exhibits and all workpapers that CGC used to produce such Exhibits and Schedules filed by CGC in this TPUC Docket in Microsoft Excel format with formulas intact along with documentation of the audit trail back to the supporting workpapers.

RESPONSE:

1-5. Refer to Page 5 of TSC's 2016 Summary Annual Report to Shareholders. Specifically, refer to the following selected items from this report:

Total Assets	\$109,697,000,000
Operating Revenues	\$19,896,000,000
Earnings	\$2,448,000,000
Total mmBtu Sales	349,000,000
Total Utility Customers	9,179,000

Provide an operating segment reconciliation for each of these items from all state jurisdictions including Tennessee for 2016, as well as for 2010 through 2015 and 2017 when available.

RESPONSE:

1-6. The following questions relate to the slides associated with the 4th quarter, 2017 investor presentation of TSC, dated February 21, 2018,

<https://investor.southerncompany.com/information-for-investors/investor-information/webcasts-and-presentations/default.aspx>:

- (a) Slide 16 contains 2017 Earnings Per Share references to the Gas LDC's of \$.30 per share, which comprises the actual \$2.84/share results for 2017. Provide the income Statement results for CGC by FERC Account which are incorporated into the Gas LDC reference on this slide. Provide documentation demonstrating the linkage between the CGC financial results and the total Gas LDC earnings of \$.30/share.
- (b) Slide 16 contains 2018 Guidance of a range of \$2.80 - \$2.95/share. Provide the 2018 CGC budget comprising its portion of this consensus earnings forecast using the accounts contained in MFG Item 21-1 within the Income Statement tab.
- (c) To the extent the 2018 budget differs from that presented in MFG Item 68-49, provide a reconciliation between the two budgets fully explaining their differences.

RESPONSE:

IMPACTS OF AGL RESOURCES ACQUISITION

- 1-7. Provide all presentations to senior management or The Southern Company Board of Directors which in any way contain information concerning the post-acquisition absorption of the former company AGL Resources into Southern Company Gas operations.

RESPONSE:

- 1-8. Provide all presentations to senior management or the Board of Directors which provide projections on the impact of the AGL Resources transaction on Operating Costs to The Southern Company, prepared prior to the completion of the transaction.

RESPONSE:

- 1-9. Regarding the transaction costs associated with the AGL Resources transaction (for purposes of this response, "transaction costs" should be defined as those costs incurred which related to the AGL Resources transaction and which were capitalized on the books of The Southern Company or Southern Company Gas), provide the following information:

- (a) Identify the total costs to consummate the transaction
- (b) Identify the entities books in which the asset(s) related to these costs were recorded.
- (c) Provide a complete narrative discussion of how such costs are allocated from the parent company to its subsidiaries.
- (d) Provide the amount of transaction costs charged to CGC's books during 2017 and identify the account(s) where such amortization was recorded.

RESPONSE:

- 1-10. Provide the list of states and docket numbers associated with all regulatory approvals related to The Southern Company/AGL Resources transaction.

RESPONSE:

1-11. Provide a copy of CGC's monthly budget to actual comparison reports and variance explanations for the test year and through the most recent period.

RESPONSE:

AFFILIATE TRANSACTIONS

1-12. Provide an electronic copy of the Cost Allocation Manual(s) (CAM) relied upon by the Company and its affiliates to allocate common costs to the Company. To the extent the CAM is modified or changed during the course of this case, provide a copy of such modification or change.

RESPONSE:

1-13. Provide a copy of all management or service agreements that exist between the Company and its affiliates.

RESPONSE:

1-14. Provide all written contracts or agreements between CGC and any affiliate of CGC that are currently in effect or that terminated in the most recent twenty-four months.

RESPONSE:

1-15. With respect to services currently being provided by the Company to its affiliates whose costs are allocated (e.g., internal audits, tax services, computer, employee, payroll, and similar services), provide:

- (a) A list of the types of services performed and the affiliate for which each service is performed.
- (b) For each type of service described above, a description of the method used in allocating costs to the affiliates and how the utility is reimbursed for each of these services.
- (c) The information requested above historically for the test year and the three years immediately prior to the test year.
- (d) A list of all the Company's affiliates, along with an organization chart showing the relationship between the Company and its affiliates.

RESPONSE:

REVENUE

- 1-16. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25. Provide the source and support with documentation for all formulas that have been converted to hard-coded numbers (*e.g.*, Cells D95..D99 of the "UPC" tab) in this spreadsheet.

RESPONSE:

- 1-17. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25. Provide the actual number of bills, sales and transportation volumes, billing demand and all other billing determinants by tariff element, rate step, rate classification and by month from January 2010 through December 2017.

RESPONSE:

- 1-18. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25 relating to Special Contract customers. Provide a copy of the executed contract for each of these customers along with a reference to and complete and accurate copy of the Commission Order approving the contract.

RESPONSE:

- 1-19. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25 relating to Miscellaneous Revenue. Provide the actual number (not dollar amount) of charges for the following categories:

- Reconnect Charges – Firm
- Seasonal Reconnect Charges
- Turn-on Charges
- Meter Set Charges
- Returned Check Charges
- Non-Metered Gas Lights
- Unauthorized or Excess Use Gas (by tariff)

RESPONSE:

1-20. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25 relating to Miscellaneous Revenue. Provide the tariff source and support for the "Miscellaneous" Miscellaneous Revenues.

RESPONSE:

1-21. Provide the monthly NOAA reports for the Chattanooga weather stations used in the Company's weather normalization analysis showing the daily high temperature, daily low temperature and daily heating degree days from January 1985 through December 2017.

RESPONSE:

1-22. Refer to the Company's response to MFG-30 regarding gas consumption by the Company's 25 largest customers. For each customer identified in this response, provide the following information:

- (a) The contact name and phone number of the individual at each company that is most familiar with their gas consumption.
- (b) All correspondence with these customers from January 2015 through the most recent date regarding historical, projected or anticipated changes to their gas consumption.
- (c) The monthly sales or transportation volumes at each meter point for each customer from January 2015 through December 2017.
- (d) A copy of each customer's monthly bill from January 2015 through December 2017.

RESPONSE:

1-23. Provide a copy of the PGA Rate Summary Sheet (only the summary sheet and not the entire PGA filing) at June 30, 2017 (end of test period) and December 31, 2017.

RESPONSE:

1-24. Provide a detailed explanation of how the Company calculates therm usage for residential and small commercial customers through volumetric meters.

RESPONSE:

- 1-25. Refer to the Company's proposed tariff for T-1 customers. Specifically refer to the new provision for "Authorized Incremental Rate" regarding the sale of gas from LNG to T-1 customers. Provide a detailed explanation as to how the Company specifically intends to charge customers for the liquefaction and vaporization process of using gas from LNG.

RESPONSE:

- 1-26. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25. Provide the number of customers taking service under the Company's V-1 and V-2 natural gas vehicle service tariffs.

RESPONSE:

- 1-27. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25. Provide the number of customers taking service under the Company's SS-1 tariff.

RESPONSE:

- 1-28. Refer to the Revenue Model included as an Attachment to the Company's response to MFG-25. Identify the specific customers and provide a calculation of all discounts provided under the Company's Economic Development Gas Service Tariff (EDGS-1).

RESPONSE:

RATE BASE

- 1-29. Provide a list of all deferrals the Company presently has recorded on its books, the account number the deferral is recorded in, the annual amount of amortization related to each deferral, the amount of each deferral that is included in the current rate case, and the Commission docket number allowing the recording and amortization of the deferral.

RESPONSE:

- 1-30. Provide a list of each CWIP work order/project included in the Company's Petition that is subsequent to the test year. The list should contain a detailed description of the work order/project, amount, estimated in-service date, and projected FERC plant account number(s). Provide the list in an Excel format with the formulas intact.

RESPONSE:

- 1-31. Provide a comprehensive explanation on how the Company accounts for asset retirements, including a discussion of the timing of such recordings relative to when the associated newly installed plant is recorded.

RESPONSE:

- 1-32. Provide a comprehensive explanation of how the Company accounts for removal costs on its books.

RESPONSE:

- 1-33. Provide a detailed list of all plant asset sales over \$250,000 per transaction, for the time period subsequent to the test year from the Company's last rate case through the current Petition test year. The list should include date of sale, description of asset(s) sold, selling price, original book purchase price, accumulated depreciation recorded on asset sold, purchaser, and amounts by FERC plant account number(s). Provide the list in an Excel format with formulas intact.

RESPONSE:

1-34. Did the Company include any plant held for future use in its current rate case Petition? If yes, provide a description of the plant included, and amount(s) by FERC plant account.

RESPONSE:

1-35. Does CGC own any property that is currently listed as for sale, with a net book value in excess of \$50,000? If so, provide the location, cost, accumulated depreciation, net book value, installation date and asking price for each distinct piece of property.

RESPONSE:

1-36. Does SCG own any property that is currently listed as for sale, with a net book value in excess of \$1,000,000? If so, provide the location, cost, accumulated depreciation, net book value, installation date and asking price for each distinct piece of property

RESPONSE:

1-37. Provide a copy of CGC's most recent AFUDC policy. The policy should detail the organization's procedures for accruing AFUDC. Include the supporting calculations underlying the AFUDC rates in effect for the test period.

RESPONSE:

1-38. Refer to the Plant in Service detail calculations included as Attachments to the Company's response to MFG-64 for 2015 to 2017 split between normal and special project additions. Specifically refer to the "Plant in Service" tab of this spreadsheet. Provide this same information for each year from 2010 through 2014.

RESPONSE:

1-39. Refer to the Company's response to MFG-65. Specifically refer to Attachment 65-1 that breaks down the 2017 actual capital expenditures between normal and special projects. Provide this same information for each year from 2010 through 2016.

RESPONSE:

1-40. Refer to the Company's response to MFG-71 regarding common plant that is allocated to Chattanooga. Provide the common plant and associated accumulated depreciation by account that is allocated to Tennessee by month from January 2010 through December 2017.

RESPONSE:

1-41. Refer to the Company's response to MFG-71 regarding common plant that is allocated to Chattanooga. Provide the source and support for the Tennessee allocation factors used to allocate common plant and associated accumulated depreciation by account by month from January 2010 through December 2017.

RESPONSE:

1-42. Provide the monthly accumulated depreciation (direct and allocated) by subaccount from January 2010 through December 2017 detailing the beginning monthly balance, accrual, retirements, cost of removal salvage, adjustments, and ending balance to each subaccount for each month in Excel format with all formulas intact.

RESPONSE:

1-43. Provide the monthly balance in Customer Deposits and Accrued Interest on Customer Deposits by subaccount from January 2010 through December 2017 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month in Excel format with all formulas intact.

RESPONSE:

- 1-44. Provide the monthly balance in Contributions in Aid of Construction by subaccount from January 2010 through December 2017 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month in Excel format with all formulas intact.

RESPONSE:

- 1-45. Provide the monthly balance in Customer Advances by subaccount from January 2010 through December 2017 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month in Excel format with all formulas intact.

RESPONSE:

- 1-46. Provide the monthly balance in Construction Work in Progress by subaccount from January 2010 through December 2017 detailing the beginning monthly balance, expenditures, closures, adjustments and ending monthly balance to each subaccount for each month in Excel format with all formulas intact.

RESPONSE:

- 1-47. Refer to MFG 69-3 regarding gas inventory. Provide the monthly balance in gas inventory by subaccount (volumes and cost) from January 2010 through December 2017 detailing the beginning monthly balance, injections, withdrawals, boil-off, adjustments, ending monthly balance, and unit price calculation to each subaccount for each month in Excel format with all formulas intact.

RESPONSE:

- 1-48. Refer to MFG 69-4 regarding deferred debits for the current rate case. Provide the source and support for each estimated cost.

RESPONSE:

1-49. Refer to MFG 69-5(1) regarding reserve for bad debts. Provide this same analysis by month from January 2010 through December 2017.

RESPONSE:

1-50. Provide a list of all rate case expenses in connection with or related to this Docket that have been incurred to-date including a description of services provided, vendor, amount, and date incurred. Also provide any budget or other estimation of the total rate case expenses, as of the date of this discovery request, in connection with or related to this Docket, and include in your response the above requested information that was used in developing such budget or other estimation.

RESPONSE:

1-51. Refer to MFG 69-5(2) regarding unclaimed customer credits and health insurance reserve. Provide this same analysis by month from January 2010 through December 2017.

RESPONSE:

1-52. Provide the following related to bad debt:

- (a) The total actual bad debt expense amounts and sales revenues for the test year, the four years immediately preceding the test year, and any amounts accrued after the end of the test year to the present;
- (b) The monthly actual bad debt write-offs net of recoveries for the test year, the four years immediately preceding the test year, and any amounts recorded after the end of the test year to the present; and
- (c) The levels of reserve for bad debt for the same time periods.

RESPONSE:

1-53. Refer to MFG 69-11 regarding prepayments. Provide this same analysis by subaccount by month from January 2010 through December 2017 identifying the specific nature of each prepayment.

RESPONSE:

1-54. Refer to MFG 69-11 regarding materials and supplies. Provide this same analysis by month from January 2010 through December 2017.

RESPONSE:

1-55. Refer to MFG 69-12 regarding pension and OPEB balance. Provide this same analysis by subaccount by month from January 2010 through December 2017.

RESPONSE:

1-56. Refer to MFG 69-14 regarding forfeited discounts. Provide this same analysis by month from January 2010 through December 2017.

RESPONSE:

ALIGNMENT AND USAGE ADJUSTMENT

1-57. Refer to Page 10, lines 24-27, of the direct testimony of Company witness Hickerson. Explain in detail the source, support, and any analysis for or related to Mr. Hickerson's statement that "[w]hile CGC sought to have the new AUA Mechanism replace the WNA for all customers, it was approved only for the R-1 and C-1 customers leaving the WNA in place for other customers." In addition, provide any TPUC Order or any other support the Company believes is relevant to the specific claim that the WNA was left in place for other customers (that is, non-R-1 and C-1 customers).

RESPONSE:

1-58. Refer to Page 18, lines 5-6, of the direct testimony of Company witness Hickerson. Explain in detail and with specificity the source, support, and any analysis for or related to the phrase "and which is still in effect for other customer classes."

RESPONSE:

1-59. Refer to Page 20, lines 26-28, of the direct testimony of Company witness Hickerson. Explain in detail and with specificity the source, support, and any analysis for or related to Mr. Hickerson's statement that "[t]he Company accepted Mr. Peters' adjustment and there was no dispute concerning the determinants and the weather normalization process or factors adopted in the rate case." In addition, provide any settlement agreement, stipulation, or TPUC Order in which the forgoing is memorialized or any other support the Company believes is relevant to this specific statement by Mr. Hickerson.

RESPONSE:

1-60. Refer to Page 23, lines 2-6, of the direct testimony of Company witness Hickerson. Explain in detail and with specificity the source, support, and any analysis for or related to Mr. Hickerson's

statement that “[t]he TRA unintentionally created a situation where more extreme warm weather periods have created significant total revenue under-recoveries.” In addition, provide any settlement agreement, stipulation, TPUC Order, or any other support the Company believes is relevant to this specific statement by Mr. Hickerson.

RESPONSE:

1-61. Refer to Page 24, line 15 through Page 26, line 14 of the direct testimony of Company witness Hickerson. Explain in detail and with specificity the source, support, and any analysis for or related to Mr. Hickerson’s apparent contention that the Company should be permitted to recover from its customers the “nearly \$2 million in accrued customer payment deficiencies under the AUA Mechanism because of the 2 percent cap on recoveries each year[.]” In addition, provide any settlement agreement, stipulation, TPUC Order, or any other support the Company believes is relevant to this apparent contention by Mr. Hickerson.

RESPONSE:

TARIFF CHANGES

1-62. Refer to Page 6 of the direct testimony of Company witness Hickerson regarding where he describes changes to the tariff for the unauthorized gas use penalty. Specifically note where he states the following: “The Company is proposing to increase the penalty rate to a level whereby violating a balancing or curtailment order would be uneconomic for the customer or a third party supplier.” Identify the number of occasions where the current tariff has resulted in an unauthorized gas use penalty from 2014 to 2017.

RESPONSE:

1-63. Refer to Page 7 of the direct testimony of Company witness Hickerson regarding where he describes changes to the tariff for the unauthorized gas use penalty. Specifically note where he states the following: “The Company is also clarifying, in its tariff, that a customer’s failure to curtail usages as directed may result in termination of service.” Identify the number of occasions from 2014 to 2017 where the current tariff has resulted in termination of service for failure to curtail usage.

RESPONSE:

1-64. Refer to Page 8 of the direct testimony of Company witness Hickerson regarding where he describes changes to the tariff for the employee protection. Identify the number of instances in from 2014 to 2017 where the Company has received threats to its employees from customers.

RESPONSE:

1-65. Refer to Page 8 of the direct testimony of Company witness Hickerson regarding where he describes changes to the tariff for the employee protection. Explain how the Company intends to terminate service if it is unable to enter the property because of threats to employees.

RESPONSE:

ANNUAL REVIEW MECHANISM

- 1-66. Refer to the direct testimony of Company witness Cogburn regarding the proposed Alternative Rate Mechanism (ARM). Provide a detailed, specific statement of each methodology that the Company proposes be approved for and used in the proposed ARM. In your response, provide the relevant accounts that would be used in the implementation of each such methodology.

RESPONSE:

- 1-67. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. Identify the individuals (or positions within the Company) that will be primarily responsible for calculating the annual budget and reconciliation ARM filings. Will these same individuals be presenting testimony in these filings on the new surcharge rate? Provide a copy of each such individual's Vitae describing their qualifications to support these calculations.

RESPONSE:

- 1-68. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. Identify and provide references to the specific source documentation (e.g., general ledger data) that the Company anticipates including with the annual budget and reconciliation ARM filings.

RESPONSE:

- 1-69. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. Does the Company plan to provide an attestation from its CFO or other appropriate Company officer that the amounts included in the annual budget and reconciliation ARM filings are calculated correctly, are taken from the books of the Company, and are prudent (as that term is generally used for rate making purposes)? If so, provide your form of such attestation.

RESPONSE:

1-70. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. Identify how the Company intends to allocate any revenue sufficiency or deficiency identified in either its ARM budget or reconciliation filings to each rate schedule.

RESPONSE:

1-71. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. Provide a copy of all Orders from the Georgia PSC related to the Company's "GRAM" mechanism mentioned on page 1 of his testimony.

RESPONSE:

1-72. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. Does the Company intend to establish any new subaccounts in its ledger for capturing and recovering the revenue deficiency identified in the ARM budget and reconciliation filings? If so, identify the subaccounts that the Company plans to establish.

RESPONSE:

1-73. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. Provide pro forma data and information – or describe in detail with specificity such data and information – that the Company proposes to include with its annual budget and reconciliation ARM filings demonstrating the activity and results of the ARM Rider.

RESPONSE:

1-74. Refer to the direct testimony of Company witness Cogburn regarding the proposed ARM. For each class of customer, provide a pro forma customer bill that includes the proposed ARM surcharge identified as a separate line item. In addition, confirm that the Company has the capability to include the ARM surcharge as a separate line on each customer's bill.

RESPONSE:

CLASS COST OF SERVICE STUDY

1-75. Refer to the testimony of Daniel Yardley regarding his current and previous Allocated Cost of Service Studies (ACOSS).

- (a) Cite any case where the TPUC (or its predecessors) have adopted an ACOSS (or similar study) for CGC. For any citation provided, provide a copy of the Order, any Settlement Agreement, and any supporting testimony.
- (b) Cite any case where the TPUC (or its predecessors) have adopted an ACOSS (or similar study) for any gas, electric or water utility. For any citation provided, provide a copy of the Order, any Settlement Agreement, and any supporting testimony.
- (c) Cite any case where the TPUC (or its predecessors) have adopted an ACOSS (or similar study) for any utility. For any citation provided, provide a copy of the Order, any Settlement Agreement, and any supporting testimony.

RESPONSE:

1-76. Provide the source and support in Excel format (no macros and no compiled versions) with all formulas intact for the Company's Allocated Cost of Service Study including the development of all allocation factors used in the study. Also, explain why this information was not included along with the Company's response to MFG #55 as required.

RESPONSE:

DEPRECIATION STUDY

1-77. Refer to the Company's response to MFG-67 regarding salvage and cost of removal for 2014 to 2017. Provide this same information for each year from 2010 through 2013.

RESPONSE:

1-78. Provide a copy of any 'time' studies conducted by Mr. Watson or CGC Operations personnel with the goal to determine an appropriate split between cost of removal (net negative salvage) and cost to install for (a) service lines and (b) mains. If such studies were not performed, provide the date of the last such study conducted in this area.

RESPONSE:

1-79. If any time studies in 1-78, for the purpose of defining accurate costs of net negative salvage, were not conducted for purposes of Mr. Watson's study, provide a comprehensive discussion of the steps taken to assess the accuracy of the Company's estimation of net negative salvage.

RESPONSE:

1-80. Refer to the Depreciation Rate Study referenced in the direct testimony of Company witness Watson. Provide a copy of the Study (including all workpapers) in Excel format with all formulas intact.

RESPONSE:

1-81. Provide a copy of all communication between Dane Watson and Alliance Consulting Group and CGC (including affiliates) regarding the current depreciation study.

RESPONSE:

1-83. Refer to Appendix A of Exhibit DAW-2. Provide an explanation of Footnote #3 which states
“General Plant – Amortized proposed accrual includes ongoing amortization (1/Life) plus fixed
(Deficit)/Surplus accrual for 5 years.”

RESPONSE:

1-84. Provide a side-by-side comparison of the depreciation rates proposed in this Docket with the
studies conducted by Alliance for depreciation rates approved by the Commission in Docket
No. 11-00144 for Piedmont Natural Gas and Docket Nos. 14-00146 & 15-00089 for Atmos
Energy Corporation, explaining any material differences.

RESPONSE:

1-85. Provide the source and support for the current depreciation rates on common plant that are
allocated to CGC from any affiliates.

RESPONSE:

1-86. Provide a copy of all commission orders in other States approving the Company’s current
depreciation rates on common plant allocated to CGC from any affiliates.

RESPONSE:

LEAD/LAG STUDY

1-87. Refer to the direct testimony of Mr. Adams in which he lists expense categories that were considered in his lead-lag study on page 8. Were any expense categories related to costs included within the revenue requirement not considered within Mr. Adams' analysis? If so, identify those expense categories and explain why such expenses were not included within his analysis.

RESPONSE:

1-88. Refer to Mr. Adams' Testimony. In the course of Mr. Adams' lead-lag study, did he review the liability accounts of CGC and Southern Company Gas to determine whether any impacts of these accounts should be reflected within his analysis?

- (a) If not, provide a comprehensive explanation supporting why such a review is not appropriate in developing a lead-lag study.
- (b) If such an analysis was done, provide any notes or conclusions drawn from this review.

RESPONSE:

1-89. Provide a comprehensive explanation indicating when in the billing cycle revenue is recorded. What event triggers the recording of revenue on the books of the company? To the extent this response varies by customer class, include the differences within the response.

RESPONSE:

1-90. Refer to MFG 72-1. Next, refer tab "Taxes" [REDACTED]

[REDACTED]

[REDACTED]

RESPONSE:

1-91. Refer to MFG 72-1. Next, refer tab "Taxes" [REDACTED]

[REDACTED]

[REDACTED]

RESPONSE:

1-92. Refer to MFG 72-1. Next, refer to tab "Fuel". [REDACTED]

[REDACTED] Provide the date that each invoice was paid by Sequent, the method of payment and the lag time between when such payment was made and funds were withdrawn from the Sequent account.

RESPONSE:

1-93. With regard to Account 246010 Franchise Requirements:

- (a) Provide a comprehensive description of the types of transactions recorded to this account.
- (b) If the balance in the above-referenced account is reflected as a deduction to rate base, identify the workpaper where such deduction may be found. If this balance is not reflective of a deduction to rate base, provide a complete explanation why such account is not reflected as a rate base reduction.
- (c) If the related transactions for this account are not a deduction to rate base, nor reflected in the lead lag study, provide the theoretical justification for its exclusion from rate base.

RESPONSE:

1-94. Refer to Mr. Adams' testimony where he lists expense categories that were considered in his lead-lag study on page 8 of his testimony. Were any expense categories related to costs included within the revenue requirement not considered within Mr. Adams' analysis? If so, identify those expense categories and explain why such expenses were not included within his analysis.

RESPONSE:

1-95. Refer to Mr. Adams' Testimony. In the course of Mr. Adams' lead-lag study did he review the liability accounts of CGC and Southern Company Gas to determine whether any impacts of these accounts should be reflected within his analysis?

- (a) If not, provide a comprehensive explanation supporting why such a review is not appropriate in developing a lead-lag study.
- (b) If such an analysis was done, provide any notes or conclusions drawn from this review.

RESPONSE:

1-96. Provide a comprehensive explanation indicating when in the billing cycle revenue is recorded. What event triggers the recording of revenue on the books of the company? To the extent this response varies by customer class, include the differences within the response.

RESPONSE:

1-97. Provide a comprehensive explanation indicating when in the cash collection cycle accounts receivable is credited. Included within this response, explain the delay between receipt of the payment until such time as the receipt is recorded to the customers' account.

RESPONSE:

1-98. Either confirm that the amounts reflected within the Collections Lag, within the Revenue Lag tab (workpapers supporting Exhibit MJA-2), were obtained from a breakdown of Accounts Receivable Balances, or provide a comprehensive explanation of the source of this information and what this information represents.

RESPONSE:

1-99. Provide a explanation supporting the use of a mid-point determination for the Collections Lag rather than another more sophisticated and precise measurement. Indicate within this response whether other measurement methodologies were considered.

RESPONSE:

1-100. Provide an update to the Collections Lag, Payment Processing Lag and Bank Float Lag calculations for the period July through December, 2017.

RESPONSE:

1-101. Provide all support for the Wachovia Electronic Payments and Wausau Remittance lags entries of 3 days as is found within the Revenue Lag tab.

RESPONSE:

1-102. Provide the amount of Federal Income Tax paid each quarter that corresponds to the calculation of the Federal Income Tax Lead of 37.88 days.

RESPONSE:

1-103. Provide the calculation of CGC taxable income that supports recognition of an expense lead associated with federal income tax payments.

RESPONSE:

1-104. Refer to MFG 21-1. Reconcile the 12/31/17 balance in account 217620, "Notes Payable – Chat/AGLR" with the corresponding reference within the lead lag study. Provide a discussion of how this balance translates to Company witness Adams' analysis.

RESPONSE:

1-105. Provide a comprehensive narrative explaining whether affiliate transactions (other than the Sequent transaction) are reflected within the lead lag study and how such expense leads were determined. This response should be thorough and detailed.

RESPONSE:

1-106. Refer to MFG 72-1. Next refer to tab "Intercompany Billings". Provide a comprehensive discussion of the theory supporting the buildup of a positive cash working capital request associated with affiliated payments.

RESPONSE:

1-107. Refer to MFG 72-1. Next, refer to tab “Fuel”. Provide any available information indicating the expense lead time associated with the payment of purchase gas invoices to non-affiliates. If such information is available, it should be confirmed to represent a complete month’s gas purchases for the CGC affiliate.

RESPONSE:

1-108. Refer to MFG 72-1. Next, refer to tab “LT Interest Expense”. Provide a comprehensive explanation why it would not be more appropriate to calculate the LT Expense Lead based upon the actual long term interest expense lead of TSC with a non-affiliated entity.

RESPONSE:

1-109. Refer to MFG 25-1 regarding development of the average Tennessee account balances. Next, refer to tab “Sales Tax Coll MFG 25-6”. Regarding Franchise Fees and Sales and Use Tax Return aspects of Cash Working Capital, respond to the following:

- (a) Confirm that these are tax collections rather than O&M expenses and as such these items do not impact O&M expenses.
- (b) If (a) is confirmed, provide the rationale for incorporating the revenue lag within the calculation of the tax collections withheld component of cash working capital.
- (c) Provide the monthly balance of Franchise taxes and Sales and Use Taxes for the period January, 2016 through January, 2018.

RESPONSE:

1-110. Refer to the testimony of Company witness Adams regarding the proposed lead/lag study. Provide a side-by-side comparison of the lead/lag days proposed in this docket with the lead/lag days proposed in the previous rate case (Docket 09-00183), explaining any material differences.

RESPONSE:

1-111. Provide a copy of the commission orders in other States approving the currently effective lead/lag studies in those states.

RESPONSE:

1-112. Has the Company used Mr. Adams to provide a lead/lag study for any affiliates of CGC since January 2010? If so, provide a copy of his testimony and study for each time he was used.

RESPONSE:

1-113. Has Mr. Adams provided a lead/lag study for any regulated utility in Tennessee since January 2010? If so, provide a copy of that testimony and study.

RESPONSE:

OPERATIONS AND MAINTENANCE

LABOR

1-114. For purpose of this request, the phrase 'pre-determined' refers to a labor distribution assignment of charges to an entity that is static until such time as a new ratio is utilized. In some organizations this is known as 'labor pro-rates'. For any SCG or AGSC employee whose time is assigned or charged to CGC using a pre-determined labor distribution ratio, provide the following:

- (a) Title and compensation of each employee
- (b) CGC costs incurred in the test period for each employee
- (c) Identification of the account(s) charged for each employee
- (d) Complete explanation indicating how such labor distribution ratios were determined and a copy of all written processes and procedures provided to employees supplying guidance on the establishment of such ratios.

RESPONSE:

1-115. Identify the incentive compensation expense incurred by the Company by subaccount from January 2010 through December 2016.

RESPONSE:

1-116. Identify the incentive compensation capitalized by the Company by subaccount from January 2010 through December 2017.

RESPONSE:

1-117. For each type of incentive compensation included within the CGC filing, whether incurred through direct charge or allocated, provide the following information:

- (a) Complete description of the incentive compensation program
- (b) Identification of the O&M account distribution for the Incentive compensation

- (c) Requirements for receiving the compensation
- (d) To the extent the compensation was dependent upon achieving division, subsidiary or corporate goals, the target metrics and the actual achieved metrics for 2017, identified by type of incentive compensation.

RESPONSE:

1-118. Refer to Johnson's Testimony, page 9, line 19. Regarding the O&M forecast supported by Ms. Johnson, provide a listing and all supporting documentation for the assumptions contained in the O&M forecast, further identified between CGC costs, SCG costs and AGSC costs.

RESPONSE:

1-119. Refer to MFGs 42-1, 42-2, 56-1 and 56-2. Provide a list of all legal expenses included within the base rate request. With respect to the portion of expenses associated with specific legal actions, the response should include a description of the item, the name of the firm or attorney, the amount expensed, including whether such cost was direct charged or allocated to CGC, and the account(s) the expense was recorded to.

RESPONSE:

1-120. Refer to MFGs 42-1, 42-2, 56-1 and 56-2. Provide a list of all outside services, including consulting contracts with outside personnel/ companies, expensed by CGC, or allocated to CGC, during the test year exceeding \$25,000. The response should include a description of what the services were in reference to, the name of the company or individual, the amount expensed, and the account location where the expense was booked.

RESPONSE:

1-121. Refer to MFGs 42-1, 42-2, 56-1 and 56-2. Provide a list of all penalties and fines expensed by the CGC, or allocated during the test year. The response should include the amount of the fine,

the entity to which the fine was paid, the account the fine was booked to, and the reason for the expense.

RESPONSE:

1-122. Refer to MFG 42-1, 42-2, 56-1 and 56-2. Provide the number of budgeted and actual number of employees for the test year, the forecasted year and each of the four years immediately preceding the test year. Use year-end numbers of employees for purposes of determining employee counts.

RESPONSE:

1-123. Provide a list of clearing accounts used by CGC, along with the month-end balances for the period November 2016 through the most current month's available balance. If not obvious in the account title, explain the nature of the clearing account(s).

RESPONSE:

1-124. Refer to MFG 48. Provide a list of all insurance policies in effect during the test year including payee, amount of insurance payments (premiums), deductible(s), maximum limits, a description of the insured item(s), amount(s) of any claims filed, and actual amount(s) paid.

RESPONSE:

1-125. Related to MFG 45, and specifically related to employee benefit loading rates, provide the following:

- (a) A detailed summary of the calculation of the employee benefit loading rate calculation for the test period and three years preceding the test period applied to CGC direct labor, identified by type of benefit. Include within this response an indication of whether the pension cost portion of the loading rate is based upon cash pension contributions or GAAP determined pension expense.

- (b) A comprehensive explanation of the accounting entries used to charge benefit costs to O&M expense, as well as to clear and subsequently capitalize a portion of benefit costs.

RESPONSE:

1-126. Refer to MFGs 42-1, 42-2, 56-1 and 56-2. Provide a list of all benefits offered to employees.

Also provide the following information for both CGC direct employees and employee related costs allocated to CGC operations:

- (a) The classes of employees who are eligible for each benefit.
- (b) The annual cost of each benefit incurred in the test year on a total (gross) cost and a net O&M cost basis.
- (c) An explanation to which account each benefit cost is charged.

RESPONSE:

1-127. Refer to MFG 42. Does the company accrue medical expenses at its fiscal year end? If so, provide the amount of the year-end accruals for each of the past five years, along with an identification of the account(s) charged.

RESPONSE:

1-128. Regarding year-end accrual entries, provide the following information:

- (a) Comprehensive explanation of the nature of the accrual
- (b) Accounts and amounts charged
- (c) Explanation of how and when the accruals are trued up
- (d) Include in this response all corporate accruals whose costs are included in the CGC revenue requirement.

RESPONSE:

1-129. List all supplemental executive retirement plan(s), golden parachute (or similar) plan(s) and any other benefits available to executive employees and provide the annual costs charged to CGC

(directly or indirectly) for each of the following years: 2013 – 2017. For each type of plan, provide the eligibility requirements for such plan and a comprehensive explanation on how such costs are quantified for financial reporting purposes.

RESPONSE:

1-130. Regarding employee relocation costs, provide the following information:

- (a) Each annual amount of employee relocation costs charged (i) directly and (ii) indirectly to CGC for the years 2013 – 2017.
- (b) For each employee whose costs were allocated to CGC during 2017, the title of the employee, the account(s) charged, the methodology used to allocate the costs to CGC and all supporting documentation for the allocation method utilized.

RESPONSE:

1-131. Regarding the O&M budgeting process for both fixed and variable, Ms. Johnson's testimony on page 9 indicates the application of a 3% increase factor to 2018 budget amounts. Confirm or deny that such a method results in an adjusted 2019 calendar budget, rather than a budget amount for the twelve-month period ending June 2019. If this conclusion is denied, demonstrate why this is not accurate by providing an analysis demonstrating cost increases are forecast through June 2019 rather than December 2019.

RESPONSE:

1-132. For (a) Southern Company Gas and (b) CGC indicate whether merit increases are provided at one specific date during the year, or are increases provided throughout the year?

RESPONSE:

1-133. Refer to MFG 21-1 regarding income statements and balance sheets. Provide a complete and thorough discussion of the nature of the transactions recorded in Account 251110, Miscellaneous Accrued Liability "IMCR" Commodity, on the books of CGC as reflected in this

file. Provide all supporting documentation supporting the balance in this account as of 12/31/17.

RESPONSE:

1-134. Refer to MFG 42-1 regarding payroll and non-payroll Expenses by FERC account. Identify the two missing column headings in MFG Item 42-1

RESPONSE:

1-135. Provide the number of Tennessee based CGC employees for the period 2008 – 2017 based upon data as of June 30th of each year.

RESPONSE:

1-136. Provide the number of Tennessee based CGC employees whose costs are embedded within the 2018 budget by month.

RESPONSE:

1-137. Provide the number of CGC employee vacancies at the end of each month for the period January 2015 through December 2017.

RESPONSE:

1-138. Provide the number of assumed vacancies of CGC based employees embedded within the budget by month for the period January, 2018 through June, 2019.

RESPONSE:

1-139. Regarding CGC employees who retired anytime during the period of January 1, 2016 through December 31, 2017, provide the following:

- (a) Title of Employee
- (b) Annual base salary of employee
- (c) Account distribution for each employee

- (d) Annualized benefit cost per employee with an explanation of how such composite amounts were determined.

RESPONSE:

1-140. Regarding CGC employees who were added during the period January 1, 2016 through December 31, 2017, provide the following:

- (a) Title of Employee
- (b) Annual base salary of employee
- (c) Account distribution for each employee
- (d) Annualized benefit cost per employee with an explanation of how such composite amounts were determined.

RESPONSE:

1-141. If the pending rate case includes costs (either directly charged or allocated) recorded above the line for employees within the CGC or Southern Company Gas' Government Relations (Affairs) department, provide the following:

- (a) The job descriptions for all employees within the Government Relations (Affairs) department of CGC and/or Southern Company Gas;
- (b) The 2017 salary for each employee within the Government Relations (Affairs) Southern Company Gas' and
- (c) For each employee identified above, the account(s) and amounts charged for their payroll costs.

RESPONSE:

OPERATIONS AND MAINTENANCE
NON-LABOR

1-142. Refer to the MFG 25-1 regarding supporting exhibits and workpapers for the testimony of Rachel Jackson. Next, refer to tab “IS Detail MFG 25-2”. Provide the monthly O&M costs by category for the period January 2016 through December 2017.

RESPONSE:

1-143. Provide a comparison of budgeted O&M costs to actual costs by expense type as used within the file ‘MFG 25-12’, tab “COSS IS Summary MFG 25-1” for 2016 and 2017, including an analysis for the cost variations.

RESPONSE:

1-144. Provide a listing of all allocation methodologies which impact the revenue requirement components of the CGC request. Also provide the supporting workpapers for each allocation ratio utilized.

RESPONSE:

1-145. Provide a detailed list of all amortizations included by Company in this rate case, to include amount(s), account(s) charged, date expensed, description of amortization, total length of amortization including beginning and ending time periods, and Docket number if amortization is authorized by TPUC.

RESPONSE:

1-146. Provide all CGC annual variance analyses comparing actual results to budgeted results for the calendar periods 2014 – 2016. This response should include all supporting detail identifying the reasons the variances between budgeted and actual results.

RESPONSE:

1-147. Provide all SCG annual variance analyses comparing actual results to budgeted results for the calendar periods 2014 – 2016. This response should include all supporting detail identifying the reasons the variances between budgeted and actual results.

RESPONSE:

1-148. Provide a copy of all AGSC costing reports identifying the costs charged to each affiliate by month for the period 2015 – 2017. These reports should also include all variance analysis comparing budgeted to actual costs including the narrative explanation for such variances.

RESPONSE:

1-149. Provide a copy of all SGC costing reports identifying the costs charged to each affiliate by month for the period 2014 – 2017. These reports should also include all variance analysis comparing budgeted to actual costs including the narrative explanation for such variances.

RESPONSE:

1-150. Regarding any injuries and damage costs included within the filing, through direct costs or allocated costs, provide the following information:

- (a) The total amount of injuries and damages expensed during the test year, split between those costs directly charged to CGC and those allocated to CGC operations.
- (b) For each incidence contributing to the expense item listed in item (a), the date of the expense and a detailed description of the circumstances surrounding the expense.

RESPONSE:

1-151. Provide a detailed narrative of current lawsuits whose associated legal costs and/or claim costs have been charged to CGC, either directly or indirectly. Provide the corresponding amount charged to expense in 2017.

RESPONSE:

1-152. Provide the total amount of injuries and damages expensed by year for the four years prior to the test year.

RESPONSE:

1-153. Provide a split of direct and allocated advertising expenses into the following categories:

- (a) Promotional (corporate image),
- (b) Educational,
- (a) Safety,
- (b) Economic Development, and
- (c) Other.

Include a brief description of each advertising item upon which the Company is requesting rate relief.

RESPONSE:

1-154. Provide a list of all payments made to industry associations, including memberships, included in the Company's test year expenses. Include the amount paid, date paid, payee, and the account to which the payments were recorded. If any association listed in response to this DR is involved in lobbying or political activity, provide the percentage of dues or amount of payment(s) made to each association that are related to lobbying or political activity.

RESPONSE:

TAXES

1-155. Refer to MFG 21-1 regarding income statements and balance sheets. Provide the underlying reconciliation supporting the balance of account 238100, Taxes Accrued-Federal Income, at 12/31/17 on the books of CGC as contained in this file.

RESPONSE:

1-156. Provide the monthly balance in Accumulated Deferred FIT (direct and allocated) by subaccount from January 2010 through December 2017 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month in Excel format with all formulas intact.

RESPONSE:

1-157. Refer to MFG 69-13 regarding the ADIT and Regulatory Liability associated with the Tax Cut & Jobs Act. Provide the source and support for the Company's calculations.

RESPONSE:

1-158. Provide the Company's consolidated (with TSC or other appropriate entity), federal and state income tax expense calculations for the test year and the year prior to the test year (estimated if actual not yet available.) Also, provide a calculation that begins with net income as reported within public financial statements, adds/subtracts permanent and timing differences, and arrives at current federal and state taxable income used in determining current federal and state income tax expense. For each book and tax difference, describe the difference, provide the amount of the difference for each year, and indicate whether the difference is a "permanent" or "timing" difference. Also, for each timing difference state or provide the following:

- (a) Description of the turnaround period
- (b) The application of the current effective federal and state income tax rates to each year's timing difference and the resulting calendar year deferred expense provision

- (c) For items for which deferred taxes have been accrued in prior years, the turnaround amortization amount, stating or showing the federal and state effective tax rate utilized in the original deferral period(s).

RESPONSE:

1-159. Refer to MFG 69-1 regarding development of the average Tennessee account balances. Next, refer to tab “ADITs MFG 69-8 Pg. 4 of 5”.

- (a) The second line of this schedule contains the following description “PP Treatment of TN excise tax as credit on gross receipts re”. Provide a complete description defining this line item and explaining the nature of the book tax timing difference giving rise to the ADIT debit balance.
- (b) The ADIT balance associated with OCI balance has been eliminated between the 12/31/17 actual analysis and the June, 2019 forecast. Provide a thorough explanation supporting the elimination of this book/tax timing difference within the June 2019 forecast.
- (c) The underlying assumptions which result in a \$1.95 million change in the June 2019 projected balance of the “Pension – Other” book/tax timing difference

RESPONSE:

1-160. Refer to MFG 69-1 regarding development of the average Tennessee account balances. Next, refer to Tab “ADITs MFG 69-8 Pg. 2 of 5”.

- (a) Provide the calculation of book and tax depreciation for the years 2015 through 2017 embedded within the “Federal Depreciation” line.
- (b) Provide the underlying calculations supporting the OCI line item, including an identification of the nature of the OCI items as well as all analysis supporting this entry.
- (c) Provide the underlying calculations supporting the Amortization line item, including an identification of the nature of the amortization as well as all analysis supporting this entry. Further, explain why there is not a state ADIT component associated with ‘Amortization’.
- (d) Provide the analysis described above supporting the ADIT balance of Southern Company Gas (SCG) as of December 31, 2017. This analysis should include all

book/tax timing differences with totals that tie to the books of SCG, as reflected within MFG 23.

- (e) Reconcile the 2017 ADIT balances set out in the Petition as of 12/31/17 with corresponding General Ledger accounts contained in MFG 21, by account.

RESPONSE:

1-161. For any Southern Company Gas book/tax timing differences that are not otherwise assigned or included within the CGC Deferred Tax balances:

- (a) Each individual book/tax timing difference and provide a complete discussion concerning the nature of the difference and how it arose.
- (b) The underlying analytical support for each difference.
- (c) The rationale for not including such timing difference within the Petition.

RESPONSE:

1-162. For any Southern Company book/tax timing differences that are not otherwise assigned or included within the CGC Deferred Tax balances:

- (a) Each individual book/tax timing difference and provide a complete discussion concerning the nature of the difference and how it arose.
- (b) The rationale for not including such timing difference within the Petition.

RESPONSE:

1-163. Does the historic calculation of CGC ADIT incorporate bonus depreciation? If yes, provide the annual calculation of bonus depreciation for the years 2012 – 2017, by FERC Account along with a comparison of book depreciation by FERC Account.

RESPONSE:

1-164. If the historic calculation of CGC ADIT does not incorporate bonus depreciation, respond to the following:

- (a) Confirm that the Southern Company has reflected bonus depreciation on CGC assets within its federal corporate tax return.
- (b) Provide a comprehensive discussion why CGC has not reflected bonus depreciation within its ADIT calculation.
- (c) Provide the MACRS rates used within the calculation of tax depreciation in 2017, split by FERC account.

RESPONSE:

1-165. Provide a comprehensive discussion and analysis of all book/tax cost basis differences associated with CGC assets.

RESPONSE:

1-166. Refer to MFG 69-1 regarding development of the average Tennessee account balances. Next, refer to tab "Tax Cuts & Jobs Act MFG 69-13".

- (a) Provide a comprehensive discussion of the nature of Protected Liability and a narrative reconciliation between the balances within this column and the balances identified as "Protected ADIT (federal and state) contained within tab 69-8, pg1.
- (b) Provide all underlying support for the balances of ADIT on Protected Reg Liability for the December 2017 balance.
- (c) Provide a complete listing of assumptions and related rationale for the projected balances of a) Protected Regulatory Liability and b) ADIT on Protected Reg Liability subsequent to December, 2017.

RESPONSE:

1-167. Has TSC utilized the 'Repair Allowance' to write off the qualifying portion of its service lines for tax purposes in the year the cost was incurred? If so, identify the amount of the repair allowance taken applicable to CGC and explain how such allowances are reflected in (a) the test period calculation of ADIT balances and (b) the attrition year forecast of ADIT balances.

RESPONSE:

1-168. If TSC has not utilized the Repair Allowance within its corporate tax filings, provide a narrative discussion of why such an allowance has not been taken.

RESPONSE:

1-169. Provide a comprehensive explanation of the impact the TSC acquisition of AGL Resources had on:

- (a) The Deferred Tax Liability balances of CGC.
- (b) The Deferred Tax Asset balance of CGC
- (c) The Deferred Tax Liability balance of AGL Resources
- (d) The Deferred Tax Asset balance of AGL Resources
- (e) The Deferred Tax Liability balance of SCGC
- (f) The Deferred Tax Asset balance of SCGC

RESPONSE:

1-170. Provide the accounting entries recorded on the books of (a) CGC and (b) Southern Gas Company reflecting the true-up provisions between its books and its actual 2016 tax return filing, including the date of such accounting entries.

RESPONSE:

1-171. Provide the approximate date the federal tax return incorporating CGC's 2017 results of operation will be filed with the IRS.

RESPONSE:

1-172. Provide the rationale and all underlying calculations supporting the book/tax timing differences associated with the CGC rate case incorporated with the CGC ADIT balances.

RESPONSE:

1-173. Refer to MFG 69-1 regarding development of the average Tennessee account balances. Next, refer to tab “ADITs MFG 69-8 pg. 5 of 5”. Provide the supporting calculations and supporting explanation for the use of the allocation ratio of 1.9% as reflected on line 7.

RESPONSE:

1-174. Refer to MFG 69-1 regarding development of the average Tennessee account balances. Next, refer to tab “ADITs MFG 69-8 pg. 5 of 5”. For any AGSC book/tax timing differences that are not related to property, provide the following:

- (a) Each individual book/tax timing difference and provide a complete discussion concerning the nature of the difference and how it arose.
- (b) The underlying analytical support for each difference.
- (c) The rationale for not including such timing difference within the Petition.

RESPONSE:

1-175. Provide a monthly update of rate case costs incurred to date.

RESPONSE:

1-176. Provide the theoretical rationale for increasing rate base by the portion of the deferred tax liability identified as “Protected Property”. Include in this explanation the ratemaking distinction between a regulatory liability and a Deferred Tax liability in the formulation of an appropriate rate base.

RESPONSE:

COST OF CAPITAL

1-177. Provide the actual capital structure and cost rates on short term debt, long term debt, preferred stock, and common equity for each of the twelve months ending June 30, 2015, 2016, and 2017 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.

RESPONSE:

1-178. 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.

RESPONSE:

1-179. Refer to the direct testimony of Rachel D. Johnson. Explain the method by which SCG will begin increasing the equity component of its capital structure as stated at lines 21-22 on page 18.

RESPONSE:

1-180. Refer to the direct testimony of Rachel D. Johnson. Explain the reasoning for excluding Northern Illinois Gas Company d/b/a Nicor Gas Company from the consolidated capital structure of SCG referenced on page 19, lines 12-15.

RESPONSE:

1-181. Provide copies of all documents – including, without limitation, work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information – relied upon by Dr. Vander Weide in preparing his direct testimony in this matter.

RESPONSE:

1-182. For each dividend on common stock paid by CGC from January 1, 2010, through December 31, 2017, provide the following:

- (a) The date on which each dividend was paid.
- (b) The dollar amount per share of each dividend payment.
- (c) The share price on the date of the dividend payment.

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

RESPONSE:

1-183. For each dividend on common stock paid by AGL Resources, Inc., from January 1, 2010, through December 31, 2017, provide the following:

- (a) The date on which each dividend was paid.
- (b) The dollar amount per share of each dividend payment.
- (c) The share price on the date of the dividend payment.

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

RESPONSE:

1-184. For each dividend on common stock paid by SCG from January 1, 2010, through December 31, 2017, provide the following:

- (a) The date on which each dividend was paid.
- (b) The dollar amount per share of each dividend payment.
- (c) The share price on the date of the dividend payment.

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

RESPONSE:

1-185. For each dividend on common stock paid by TSC from January 1, 2010, through December 31, 2017, provide the following:

- (a) The date on which each dividend was paid.
- (b) The dollar amount per share of each dividend payment.
- (c) The share price on the date of the dividend payment.

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

RESPONSE:

1-186. For all new issues of common stock since January 1, 2001, by CGC, AGL Resources, Inc., SCG, and TSC provide the date of the issue, the price per share, the number of shares issued, the total dollar amount realized from the issue, and whether the shares were sold to the public

or distributed or sold internally. Include in your response all supporting source documentation, work papers, and calculations.

RESPONSE:

1-187. Refer to the direct testimony of Dr. Vander Weide. Provide the regression analyses referenced at line 16, page 33. Include in your response all supporting source documentation, work papers, and calculations.

RESPONSE:

1-188. Provide the historical risk premium of common stocks (arithmetic mean total return on the S&P 500) over the income return of one-year, five-year, ten-year, and twenty-year Treasury Bonds or Bills as reported in the 2017 Valuation Handbook referenced by Dr. Vander Weide in his direct testimony at page 39, line 16, and underlying his calculated historical risk premium on page 40, lines 19-23.

RESPONSE:

1-189. Refer to the Direct Testimony of Dr. Vander Weide. Provide the individual firm data underlying Exhibit JVW-1, Schedule 10. That is, for each Value Line Natural Gas Utility for each year 2007-2016 provide the book values and market values of short term debt, long term debt, and common equity.

RESPONSE:

1-190. Provide a list comparing, for every rate case or other case adjusting rates in which the CGC or any CGC affiliate have participated in the past ten years, (a) the return on equity requested by CGC or its affiliate and the return on equity that was ordered by the commission in that case, as well as (b) the rate of return requested by CGC or its affiliate and the rate of return that was

ordered by the commission in that case. Also identify the jurisdiction in which each such case was filed, the case or docket number, and the date on which the decision

RESPONSE:

GENERAL LEGAL

1-191. Identify, for each response to each discovery request made by the Consumer Advocate, the responsible witness who will be available at any hearing in this Docket to answer questions and respond to cross-examination on such response. Further, identify all persons assisting in the answering of each of these requests. State the request(s) on which each such person(s) assisted.

RESPONSE:

1-192. Identify each person who you expect to call as an expert witness at the hearing on the merits in this docket, and for each such expert witness:

- (a) Identify the field in which the witness is to be offered as an expert;
- (b) Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
- (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- (d) Provide the grounds for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
- (e) Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- (f) Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by, or

produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

RESPONSE:

1-193. Identify all persons having knowledge of discoverable matters in this case.

RESPONSE:

1-194. Produce copies of all documents referred to or relied upon in responding to these discovery requests.

RESPONSE:

1-195. Produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits in this docket.

RESPONSE:

1-196. Produce copies of all documents -- including, without limitation, work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

RESPONSE:

1-197. Identify all information, documents, and things filed in the present Docket record, including all responses to discovery of the parties and data request from the TPUC Staff, which CGC produced in this Docket and does not agree to stipulate to the authenticity of such information, documents and things in this proceeding. For each separate piece of information, documents, and things which CGC produced in this docket and CGC contends is not admissible as evidence, describe in specific detail any objection(s) CGC claims as to admissibility into the evidentiary record in this Docket.

RESPONSE:

1-198. Data requests of others.

- (a) Provide a copy of all data requests served on the Company from all parties concerning the testimony of CGC witnesses and other issues being addressed in this case.
- (b) Provide a copy of the Company's responses to all data requests from subpart (a).
- (c) To the extent that any of the responses being provided in part (b) involve calculations made using a program such as Microsoft Excel, or Access, include a complete copy of the electronic files, with formulas, calculations, macros and cell references intact.
- (d) Continuously update your response to this data request as the Company receives and responds to data requests of other parties.

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 20th day of March, 2018.



Wayne M. Irvin