

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

IN RE:)	
)	
CHATTANOOGA GAS COMPANY)	
PETITION TO OPT INTO AN)	
ANNUAL REVIEW OF RATES)	Docket No. 19-00047
MECHANISM PURSUANT TO)	
TENN CODE ANN. §65-5-103(d)(6))	

**CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST
TO CHATTANOOGA GAS COMPANY**

To: J.W. Luna, Esq.
Luna Law Group, PLLC
L&C Tower, Suite 220
401 Church Street
Nashville, TN 37201
Phone: (615) 254-9146
Email: jwluna@LunaLawNashville.com

Floyd R. Self, Esq.
Berger Singerman, LLP
313 North Monroe Street, Suite 301
Tallahassee, FL 32301
Phone: (850) 521-6727
Email: fself@bergersingerman.com

Elizabeth Wade, Esq.
Chief Regulatory Counsel
South Company Gas
Ten Peachtree Place, NW
Atlanta, GA 3039
Phone: (404) 584-3160
Email: ewade@southernco.com

Paul Teague
Director, External Affairs
Chattanooga Gas Company
2207 Olan Mills Drive
Chattanooga, TN 37421
Phone: (404) 693-5986
Email: pteague@southernco.com

This First Discovery Request is hereby served upon Chattanooga Gas Company (Company or CGC), 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 Advocate Unit in the Financial 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 Advocate Unit in the Financial Division, 301 6th Avenue North, Nashville, Tennessee 37243, c/o Karen H. Stachowski, on or before 2:00 p.m. (CDT), May 15, 2019.

PRELIMINARY MATTERS AND DEFINITIONS

1. **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Producing Party and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.
2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.
3. **Format of Responses.** Provide all responses in the format in which they were 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 analyze the data and information in

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

4. **Objections.** 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.
5. **Singular/Plural.** The singular includes the plural, and vice-versa, where appropriate.
6. **Questions.** Any questions regarding this discovery request should be directed to the attorneys listed as issuing this Request.
7. **Definitions.** For the purposes of this Request, the following terms have the following meanings:
 - (A) **"Affiliate"** shall mean 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 Gas Company (CSG), 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 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.
 - (B) **"Communication"** shall mean 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 otherwise.
 - (C) **"Document"** shall have the broadest possible meaning under applicable law. Document shall mean 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 work paper, 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 the date of the disposition.

(D) **“Identify”** with respect to:

- i. Any natural person, means to state the full name, telephone number(s), email address(es) and the current or last known business address of the person (if no business address is available provide last address(es) known to you) and that person’s relationship, whether business, commercial, professional, or personal with you;
- ii. Any legal person, business entity or association, means to state the full name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es) and current or last known business address of such person or entity (if no business address is available provide last address known to you);
- iii. Any document means to state the type of document (*e.g.*, letter), the title of the document, identify the author(s), the subject matter, the date the document bears and the date it was written; and
- iv. Any oral communication means to state the date when and location where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.

(E) **“Person”** or **“Entity”** shall mean any natural person, corporation, limited liability company, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(F) **“You,” “Your,” “Company,”** or **“CGC”** shall mean Chattanooga Gas Company and all employees, officers, directors, agents, attorneys, representatives or any other person acting or purporting to act on the Company that is the Producing Party’s behalf.

FIRST DISCOVERY REQUESTS

- 1-1. Refer to Company Witness Hickerson’s pre-filed direct testimony on page 6. He indicates that the Commission’s Order in TPUC Docket No. 18-00017 expressly included approval of the necessary methodology for an ARM. Provide all support for this assertion, including, but not limited to, the location in the Order that supports this statement.

RESPONSE:

- 1-2. On August 22, 2018, during the Hearing on the merits for TPUC Docket No. 1800017, CGC's Counsel represented on behalf of the Company that CGC would meet with Commission Staff and with the Consumer Advocate to discuss a Cost Allocation Manual. CGC's Counsel then discussed bringing a formal Cost Allocation Manual back to the Commission for approval and use. Confirm that the Company still intends to file a Cost Allocation Manual and provide the date by which the Company intends to fulfil its promise. If the Company no longer intends to make such a filing, describe in detail why it will not do so.

RESPONSE:

- 1-3. Provide a copy of the NICOR Cost Allocation Manual.

RESPONSE:

- 1-4. Regarding the earnings deferral described in Company Witness Tucker's testimony, provide an example of how such deferred balance would be calculated assuming a \$2 million earnings deficiency incurred ratably during the test period, with new rates effective the following August 1st.

RESPONSE:

- 1-5. Regarding the proposal to use the customer usage and average weather normalized usage per customer adopted in TPUC Docket No. 18-00017, provide a comprehensive explanation of why such an adjustment is needed within the rate reset calculation given that CGC's revenue for the R-1, R-4, C-1, and C-2 classes earned within the test period is already weather normalized.

RESPONSE:

- 1-6. Confirm that the impact of Item B (1) within GAT-1, relating to the use of customer usage and average weather normalized usage per customer, adopted in TPUC Docket No. 18-00017 within the rate reset will be limited to developing rates associated with the revenue deficiency or excess within these customer classes and would not be used within the calculation used to determine the earnings deficiency or excess.

RESPONSE:

- 1-7. Confirm that actual revenues earned in the historic base year for Rate Schedules R-1, R-4, C-1, and C-2 will be used to determine the earnings deficiency or excess. If this is not the case, provide an explanation of how base-year earnings will be adjusted for weather impacts.

RESPONSE:

- 1-8. Define the term “Rate Reset” as used on page 3 of Tucker’s testimony and within GAT-1.

RESPONSE:

- 1-9. Assume a \$2 million rate reset rate increase beginning in August 2020. Does CGC believe it would be appropriate to annualize this rate increase for the 2020 test period in determining whether the revenue deficiency is contained in the Company’s March 2021 filing? If CGC does not believe this annualization would be appropriate, provide a comprehensive explanation supporting this conclusion.

RESPONSE:

- 1-10. Regarding Item B (3) within GAT-1, the description indicates amounts recorded in the historic base period shall be used within the rate reset and earnings deficiency/excess

calculations. Provide a comprehensive explanation identifying how the Allowance for Funds Used During Construction (AFUDC) rate is determined and applied.

RESPONSE:

- 1-11. Regarding Item C (2) within GAT-1, provide a comprehensive explanation of the treatment of capitalized pension costs. Provide an example identifying how the Company proposes to treat capitalized pension and other post-retirement benefits (OPEB) costs within the ARM calculation. To the extent the treatment differs between the calculation of earnings deficiency/excess calculation and the rate reset calculation, provide a separate response for capitalized pension and OPEB.

RESPONSE:

- 1-12. Regarding Item C (3) within GAT-1, provide a comprehensive explanation for the Company's proposed methodology, including an example of how a hypothetical adjustment would be determined.

RESPONSE:

- 1-13. Identify the month and year in which CGC began amortizing its rate case costs associated with TPUC Docket No. 18-00017.

RESPONSE:

- 1-14. Regarding Item C (9) within GAT-1, provide a comprehensive explanation for the Company's proposed methodology, including an example of how a hypothetical adjustment would be determined.

RESPONSE:

- 1-15. Does the Company believe that intervening parties to future annual CGC ARM filings are limited in proposing modifications or adjustments to AGLSC cost allocations to those items listed within Item C (10) of GAT-1? Provide a comprehensive explanation.

RESPONSE:

- 1-16. Describe in detail the Company's position on what, if any, latitude intervening parties have to propose adjustments to historic base period costs within the ARM filing? In other words, is there any regulatory criteria that should be met permitting recovery from ratepayers beyond simply whether such cost was recorded on the books of the Company?

RESPONSE:

- 1-17. Provide a comprehensive explanation of the Company's view of the extent to which the Consumer Advocate may evaluate the reasonableness of AGLSC cost allocations? Within this response, identify all areas which the Company believes would be beyond the scope of the Consumer Advocate's review.

RESPONSE:

- 1-18. Provide a comprehensive explanation detailing how the Company intends to compute Cash Working Capital. The response should clearly indicate whether the weighted average lead/lag days identified within the study conducted in TPUC Docket No. 18-00017 will be used or whether new weighted average lead/lag days will be re-computed based upon historic test period Operating and Maintenance expenses.

RESPONSE:

- 1-19. Assume a new liability account is established on the books of either CGC or Atlanta Gas Light Service Company (AGLSC). Further assume this liability reflects cost-free capital

to the Company's shareholders. Does the Company believe it is appropriate to reflect such account as an offset to Rate Base, despite the fact it was not specifically identified (and did not exist) within Exhibit GAT-1?

RESPONSE:

- 1-20. Regarding Item L (2) within GAT-1, provide a comprehensive discussion identifying the types of debt issuances (including an identification of the issuing entity) that the Company believes should be included within the Cost of Debt calculation. Further, identify the evidence the Company believes should be provided to demonstrate that the specific debt is funding CGC Rate Base.

RESPONSE:

- 1-21. Provide an Excel workbook that reflects the attachment ARH-1 with working formulas (if such a workbook does not yet exist, please provide the workbook as soon as it is available).

RESPONSE:

RESPECTFULLY SUBMITTED,



DANIEL P. WHITAKER III (BPR No. 035410)

Assistant Attorney General

KAREN H. STACHOWSKI (BPR No. 019607)

Assistant Attorney General

Office of the Tennessee Attorney General

Financial Division, Consumer Advocate Unit

P.O. Box 20207

Nashville, Tennessee 37202

Email: daniel.whitaker@ag.tn.gov

Email: karen.stachowski@ag.tn.gov

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:

J.W. Luna, Esq.
Luna Law Group, PLLC
L&C Tower, Suite 220
401 Church Street
Nashville, TN 37201
Phone: (615) 254-9146
Email: jwluna@LunaLawNashville.com

Paul Teague
Director, External Affairs
Chattanooga Gas Company
2207 Olan Mills Drive
Chattanooga, TN 37421
Phone: (404) 693-5986
Email: pteague@southernco.com

Floyd R. Self, Esq.
Berger Singerman, LLP
313 North Monroe Street, Suite 301
Tallahassee, FL 32301
Phone: (850) 521-6727
Email: fself@bergersingerman.com

Elizabeth Wade, Esq.
Chief Regulatory Counsel
South Company Gas
Ten Peachtree Place, NW
Atlanta, GA 3039
Phone: (404) 584-3160
Email: ewade@southernco.com

This the 30th day of April, 2019.



DANIEL P. WHITAKER III
Assistant Attorney General