IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:	)	
	)	
CHATTANOOGA GAS COMPANY'S	)	
PETITION FOR APPROVAL OF ITS	)	**DOCKET NO. 21-00048**
2020 ANNUAL RATE REVIEW	)	
FILING PURSUANT TO T.CA. § 65-	)	
5-103(d)(6)	)	

CHATTANOOGA GAS COMPANY'S
RESPONSES AND OBJECTIONS TO THE
FIRST DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Pursuant to the Order Establishing Procedural Schedule, issued May 18, 2021, in this docket, Chattanooga Gas Company ("CGC" or "Company") hereby submits its responses and objections to the First Discovery Request of the Consumer Advocate Unit in the Financial Division of the Tennessee Attorney General's Office ("Consumer Advocate") provided to CGC on May 20, 2021. Pursuant to the Rules of the Tennessee Public Utility Commission and the Tennessee Rules of Civil Procedure, CGC's discovery responses are attached hereto.

To assist the Hearing Officer in evaluating this matter, CGC is setting forth its objections in two parts. Part I sets forth general objections applicable to CGC's discovery responses. Part II are the specific discovery request responses and, where applicable, the objections are incorporated with each such response. While CGC has objected to some of the requests in order to preserve its rights, CGC has often provided a full or partial substantive response for those objected to requests in order to be as responsive as possible given the nature of those requests.

I. GENERAL OBJECTIONS

1. CGC objects generally to any definitions or instructions to the extent that they are inconsistent with and request information that is beyond the scope of the Tennessee Rules of Civil

Procedure. CGC's responses will comply with the requirements of the Tennessee of Rules of Civil Procedure and the Rules of the Tennessee Public Utility Commission

2. Any requests for production of documents are interpreted to describe each item or category of items requested with reasonable particularity as required by Tenn. R. Civ. P. 34.02, and the terms used in the requests are not interpreted "broadly." CGC will produce non-privileged, responsive items and/or data in its possession, custody, or control as required by Tennessee Rules of Civil Procedure.

3. CGC further objects to these discovery requests to the extent they seek information that is beyond the scope of legitimate discovery for a proceeding seeking approval of an annual review of rates proceeding or that is subject to any privilege, including the attorney-client privilege and/or attorney work product doctrine. Without waiving any of these General Objections, the Company will respond to the Consumer Advocate's discovery requests by providing responsive, non-privileged information.

4. These General Objections are continuing and are incorporated by reference into CGC's responses to all discovery requests to the extent applicable. The statement of the following additional objections to specific discovery requests shall not constitute a waiver of these General Objections.

5. CGC objects to the scope of the terms "identity" and "identify" as used by the Consumer Advocate. In particular, CGC objects to providing the full name, last known address, person's relationship, and other such information for persons to be identified on the grounds that the scope of information requested is overly broad and not calculated to lead to the discovery of admissible evidence. CGC further objects to the Consumer Advocate's instructions to produce documents with the type, title, subject, date, and date written on the grounds that such requests are

unduly burdensome and overly broad. CGC shall reasonably identify persons and documents as relevant.

6. CGC objects to the Consumer Advocate discovery to the extent that such discovery seeks to impose an obligation on CGC to respond on behalf of subsidiaries, affiliates, or other persons that are not parties to this case on the grounds that such discovery is overly broad, unduly burdensome, oppressive, and not permitted by applicable discovery rules. CGC further objects to any and all Consumer Advocate discovery that seeks to obtain information from CGC for CGC subsidiaries, affiliates, or other related CGC entities that are not parties before this Commission.

7. CGC has interpreted the Consumer Advocate discovery to apply to CGC's regulated operations in Tennessee and will limit its responses accordingly. To the extent that any Consumer Advocate discovery is intended to apply to matters that take place outside the State of Tennessee and which are not related to CGC's regulated Tennessee operations, CGC objects to such request as irrelevant, overly broad, unduly burdensome, and oppressive.

8. CGC objects to the Consumer Advocate discovery insofar as it calls for CGC to present information in a particular format or to otherwise to impose obligations on CGC which exceed the requirements of the Tennessee Rules of Civil Procedure, except as may be ordered by the Hearing Officer. However, Excel workbooks shall be provided in their native form with cells unlocked to the extent possible recognizing that links to external data sources will be broken.

9. CGC objects to the Consumer Advocate discovery that seeks to obtain "any," "all," "each," or "every" document, item, customer, or other such piece of information to the extent that such discovery is overly broad and unduly burdensome. Any answers that CGC may provide in response to the Consumer Advocate discovery will be provided subject to, and without waiver of, this objection.

10. In the conduct of its business over time, CGC creates documents that may be stored in numerous locations and moved from site to site as employees change jobs or as the business has been transferred to new ownership or otherwise reorganized, new management installed, or other regulatory and business requirements and practices have been established. Therefore, it is possible that not every document has been identified in response to these requests. CGC has in good faith conducted a reasonable and diligent search of records that are reasonably expected to contain the requested information. To the extent that the Consumer Advocate discovery purports to require more, CGC objects on the grounds that compliance would impose an undue burden or expense.

11. To the extent CGC has been requested to provide confidential information, proprietary, or trade secret information CGC shall provide non-privileged confidential, proprietary, or trade secret information pursuant to the Protective Order issued by the Hearing Officer on May 5, 2021, and without any specific objection.

II. SPECIFIC OBJECTIONS

Notwithstanding any of the foregoing objections, and without waiving any such objections, CGC's specific objections appear with each response that merits an appropriate objection on the following pages as indicated.

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-001 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 2A1" related to Allocated Plant, Accumulated Depreciation, and Deferred Income Taxes that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the hard-coded data included on this spreadsheet;

b. Define/Identify. Fully identify and define the data related to the Row 29, "Topside/SUD – Manual Entry" of this spreadsheet; and

c. Define/Identify. Fully identify and define the data related to the Row 82, "ADIT Adjustments – Pension & OPEB" of this spreadsheet.

CGC RESPONSE:

a. The Company utilizes two tools for reporting of financial data (general ledger), Oracle Hyperion and PeopleSoft. The reporting tool used to comprise Schedule 2A1 is Oracle Hyperion. Hardcoded items in black are pulled directly from the Oracle Hyperion System and formatted in alignment with the ARM order, Docket 19-00047. Additionally, the amounts are reflected in the Company's balance sheet which has been provided in Schedule 21.
b. The Topside/SUD-Manual Entries as shown on Schedule 2A1 are topside/manual CWIP accruals that were inadvertently recorded to a Non-Utility CWIP accrual account. The accruals should have posted to account 100123, which is the Utility CWIP accrual account. Account 100123 is used to accrue costs that have not been assigned to a specific project by a certain day in the monthly close cycle. Being that this was a topside entry it would have met the requirement that the costs should be recorded to 100123, and then to 100120 the following month, once a project number was assigned to it.
c. Please see Schedule 35.7 ADIT Workpapers for support for the Company's accumulated deferred income taxes (ADIT) and ADIT adjustments – pension & other post-employment benefits (OPEB). The Company excludes the GAAP based pension and OPEB balances for rate making purposes as Ordered by the Commission in Docket 18-00017. As such, the Company also excludes or removes the ADITs associated with the pension and OPEB balances.

Witness: Gary Tucker, Manager, Regulatory Reporting, Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-002 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 5” related to the Base Period Income Statement that was included with the Company’s filing and provide the following information:

a. Rationale/Explanation. Explain the Company’s rationalization regarding the base period ARM Reconciliation Balance calculation of $990,551 shown in Cell J26 of this spreadsheet including the source data on Tab “Schedule 2A1.”

CGC RESPONSE:

In the 2019 ARM filing, Docket 20-00049, the Commission approved recovery of a 2019 deficiency of $3,962,204. New rates were approved and effective beginning in October 2020. The amortization of the 2019 deficiency balance began in October coinciding with new rates and resulted in three (3) months of amortization of the balance in the historic base period.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-003 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 9” related to the Excise and Income Taxes that was included with the Company’s filing and provide the following information

a. Source & Support/Hard-coded data. Provide the source and support for the $23,000 amount for Permanent Differences shown in Cell I26 as a hard-coded number;
b. Source & Support/Hard-coded data. Provide the source and support for the $-18,081 amount for Deferred Tax Liability Amortization shown in Cell I33 as a hard-coded number;
c. Source & Support/Hard-coded data. Provide the source and support for the Deferred Federal Income Tax Amortizations in the Base Period as shown in Cells I46 to I50 which appear as hard-coded numbers. In addition, explain the Company’s logic for the formulas in these cells; and
d. Source & Support. Provide the source and support for the $500,995 amount for the normalization adjustment for the Excess Deferred Tax Liability Amortization as shown in Cell L46.

CGC RESPONSE:

a. Permanent differences are expenses which are recorded under GAAP but are not deductible for income tax purposes in current or future periods. Because the 2020 tax returns will not be finalized until the third quarter 2021, the Company used an estimate of permanent differences to include in its tax provision. The total permanent differences of $23,000 is comprised of $10,000 for meals and entertainment, $3,000 for club dues and $10,000 for lobbying expenses.
b. See CA-1-003(b) Attachment, at lines 8 and 9 provide the components of the state amortization of $18,081 and federal amortization of $35,585.
c. See response b. above for the source and support for the amount in cell I48. The amounts in cells I47, I49, and I50 are accelerated EDIT tax credits as approved in Docket 20-00049 and shown in Schedule 9 in CGC Tucker Exhibit GT-4. In the 2019 ARM filing, the Company requested and was approved the acceleration of the remaining tax savings associated with unprotected EDIT amounts realized as a result of the Tax Cuts and Jobs Act (“TCJA”). The Company requested the acceleration of the amortization of these credits over a 12-month period in order to reduce the overall prescribed ARM rate request in light of the COVID-19 pandemic

and the economic hardship some of its customers were experiencing. The 2019 ARM filing was approved in September 2020 with new rates effective in October. The formulas in cells I47, I49 and I50 reflect the proper matching of the amortization of these tax credits to coincide with new rates. Please note that these amounts represent the accelerated unprotected EDITs related to the TCJA, the annual amount based on the five-year amortization period as approved in Docket 18-00017 and is discussed in the paragraph below.

Cell I46 is comprised of the 2020 amortization of the protected and unprotected EDITs resulting from the TCJA (non-accelerated components). For 2020, the protected EDIT amortization is $391,756, the amortized amount is based on the average rate assumption method (ARAM) as required by the IRS in order to be within normalization requirements. The unprotected amortization is $500,995 as approved by the Commission in Docket 18-00017.

d. Please see response c. above.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-004 Depreciation and Amortization that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the account balances in Column F which appear as hard-coded numbers. Specifically, we note that the asset balance amounts should tie to Tab "Schedule 14.1"; however, many of the accounts on that schedule are grouped making a direct comparison impossible;
b. Source & Support/Hard-coded data. Provide the source and support for the depreciation and amortization rates included in Column J which appear as hard-coded numbers;
c. Rationale/Explanation. Explain the Company's rationale for using the asset balance (Column F) at December 31, 2020 to calculate depreciation and amortization expense instead of the asset balance at the midpoint of 2020; and
d. Source & Support/Hard-coded data. Provide the source and support for the Rate Case Adjustment of $-172,488 in Cell K64 which appears as a hard-coded number

CGC RESPONSE:

a. FERC-sub account level balances are pulled directly from the Company's plant subledger, Powerplan. Please see CA-1-005a Attachment for updated Schedules 14.1 and 14.2 with the same FERC-sub details provided in Schedule 14.
b. On page 2 of Exhibit A in the ARM Order in Docket 19-00047, it states that depreciation shall be computed on the depreciable plant balances as of December 31 of the Historic Base Period using the Commission approved depreciation rates. The Commission approved the depreciation rates in the 2017 Rate Case, Docket 18-00017 as filed by Company witness Mr. Dane Watson. A copy of the filed depreciation study is provided as CA 1-4a. Approved depreciation rates are on pages 74 and 75 of 102 of CA-1-004a Attachment. Please note, there were no assets in FERC account 367.10 Mains at the time of the depreciation study. As such, when new assets were assigned to this account, the Company sent a letter to the TPUC Utility Division Staff notifying them of the interim rate of 1.4%
c. Please see the response "b" above.

d. The Rate Case Adjustment of $-172,488 in Cell K64 was approved in the 2017 Rate Case, docket 18-00017. In the depreciation study submitted in the rate case, it was determined that the Company had over reserved certain general property plant accounts. The Commission approved the return of the balance over a 5-year period (Nov 2018 – Oct 2023) as proposed by the Company in the depreciation study. Please see page 77 of 102 in CA-1-004a Attachment for detailed support for the $-172,488.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-005 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 14.1” related to Monthly Summaries of Plant in Service that was included with the Company’s filing and provide the following information:

a. Corrected/Updated Information. Provide an updated schedule that provides this same information but does not group the data for accounts (e.g., 391, 392);
b. b. Source & Support/Hard-coded data. Explain the Utility Plant in Service Adjustments that are included on Row 54 of this spreadsheet that appear as hard-coded numbers
c. Corrected/Updated Information. There appears to be an error in the 13-month average calculation of Account 367. The average is including a null amount (instead of $0) for December 2019; and
d. Source & Support/Hard-coded data. Provide the source and support for the December 2019 amounts (Column Q) of this spreadsheet which appear as hard-coded numbers. Also note that these amounts do not precisely match up against the calculated amounts (previously monthly balance + monthly additions – monthly retirements – adjustments).

CGC RESPONSE:

In preparing this response, it was determined that while the overall ending balances in Schedules 14.1 and 14.2 were correct, some FERC sub balances were incorrect. Please see CA-1-005a Attachment for the corrected FERC sub balances for Schedules 14.1 and 14.2. As a result of this change, the depreciation normalization adjustment decreased from $306,981 to $304,676, the resulting revenue requirement impact to the ARM Rate Adjustment is a reduction of $2,316.

a. Please see CA-1-005a Attachment for corrected Schedules 14.1 and 14.2 and with the requested FERC-sub details.
b. The Utility Plant in Service - Adjustments are for entries made outside of the Powerplan subledger. Generally, these entries are made to correct the subledger or late receipt of an entry in the subledger. However, the entries were made or corrected in the general ledger and must be added for the detailed subledger to tie to the general ledger. Please note that amounts on Schedule 14.1 have been reconciled to Schedule 2A1 on row 78 in CA 1-005a Attachment.

c. The formula has been corrected in CA-1-005a Attachment. Please note, Net Plant is provided for informational purposes only and is not used in the determination of the ARM Deficiency or Rate Reset. Therefore, there is no impact as a result of this correction.
d. Please see Schedule 14.1 in CA-1-005a Attachment. The December 19 balance has been updated to reflect prior month balance plus activity. There is no change in the December 19 ending balance as a result of this update.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 20-00049
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-006 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 14.2" related to Monthly Summaries of Accumulated Depreciation that was included with the Company's filing and provide the following information:

a. Reconciliation. Reconcile the balances for Accumulated Depreciation Utility – Adjustment on this Schedule with the amounts shown on Tab "Schedule 2A1"; and
b. Corrected/Updated Information. Provide an updated schedule that provides this same information but does not group the data for accounts (e.g., 391, 392).

CGC RESPONSE:

a. Please see row 80 on tab Schedule 14.2 of CA-1-005a Attachment for the requested information.
b. Please see tab Schedule 14.2 of CA-1-005a Attachment for the requested information.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-007 Refer to file, Tab "Schedule 14.3" related to Depreciation of Active Service Lines that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Provide a copy of the referenced DOT Report showing 80,757 service lines for Chattanooga Gas Company as shown in Cell H8 as a hard-coded number: and
b. Source & Support/Hard-coded data. Provide the source and support for the 1,751 service lines with inactive meters as shown in Cell H19 as a hard-coded number.

CGC RESPONSE**:**

a. See CA-1-007a Attachment, U.S. Department of Transportation, Annual Report for Calendar Year 2020, Gas Distribution System.

b. See CA-1-007b Attachment, a Copy of Inactive Premises 12/31/2020 extracted from the Company's Distribution Integrity Management System.

Witness: Archie Hickerson
Director, Rates and Tariff Administration
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-008 Refer to file, Tab “Schedule 15” related to Historic Base Revenues that was included with the Company’s filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for all billing determinants and revenue amounts that included as hard-coded numbers on this spreadsheet; and
b. Source & Support. Identify and provide the source and support for the Miscellaneous Base Revenue shown on Row 248 of this spreadsheet that references another supporting spreadsheet.

RESPONSE:

a. The source of the hard-coded data (excluding the rates that were entered manually) on Schedule 15 is CGC’s accounting records. See CA-1-008a Attachment for a copy of the Margin Revenue Summary by Charge Type for calendar year 2020.

b. The source of the Miscellaneous Base Revenue shown on Row 248 is CGC’s billing records. See attached copy of the Margin Revenue Summary by Charge Type for calendar year 2020. These are adjustment for minor items such as bill adjustments during the month. Note that these miscellaneous revenue adjustments are excluded in the ARM filing on Schedule 5, Line 15.

Witness: Archie Hickerson
Director, Rates and Tariff Administration
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-009 Refer to file, Tab "Schedule 15.1" related to Annualized Revenues that was included with the Company's filing and provide the following information:

a. Reconciliation. Reconcile the Summer Rates for Rate Schedule C-1. Specifically, October 2020 shows a rate of $0.18581/therm, but the annualized rate for May 2020 shows $0.16605/therm;
b. Reconciliation. Reconcile the Customer Charge Rates for Rate Schedule C-1 A/C and Rate Schedule C-2 A/C between Tabs "Schedule 15" and "Rate Schedule 15.1";
c. Reconciliation. Reconcile the minimum usage during the Summer months for C-1 A/C customers with regular C-1 customers. It doesn't appear that the C-1 A/C customers are using gas for air conditioning;
d. Reconciliation. Reconcile the total volumes for C-2 customers in Row 126 with the volumes by rate block for these same customers in Rows 467 to Rows 470;
e. Reconciliation. Reconcile the July 2020 total volumes for Rate Schedule F-1/T-2 of 200,992 Dth in Cell J246 with the sum of the volumes by rate block (185,686 Dth) in Cells J268 to J271;
f. Corrected/Updated Information. Refer to Row 393 relating to total current revenues for Rate Schedule T-1. It appears that the Company has used a hard-coded amount for each month of 2020 ($83,663) instead of calculating the correct amount. Provide an updated calculation;
g. Source & Support. Provide the billing determinants and current rates for the Company's Special Contract customer;
h. Corrected/Updated Information. Refer to Cell P429 relating to the uncollectible expense adjustment ($115) resulting from the annualization of revenues. It appears that the Company has calculated the uncollectible expense adjustment based on the projected change in forfeited discounts instead of the revenue annualization. Provide an updated calculation; and
i. Corrected/Updated Information. Refer to Cells D433 to P439 relating to Other Revenue. It appears that the Company has included 2019 data here instead of 2020 amounts. Provide an updated calculation.

CGC RESPONSE:

a. The 2020 October rate for Rate Schedule C-1 on Schedule 15.1 should have been $0.16605/Therm instead of the $.018581 (the previous winter rate). The correct rate $0.16605 was billed. CA-1-009a Attachment A, Revised Schedule 15.1.

b. On Schedule 15 the Customer Charge Rates for Rate Schedules C-1 and C-1 A/C were entered incorrectly for October through Dec. The Customer Charge Rate rates for both Rate Schedules on Schedule 15 should have been $30.50 for October and $35.30 for November and December. Since the rates were presented for informational purposes the rate changes on Schedule 15 do not impact the revenue shown on Schedule 15. There are no C-2 A/C rates shown on Schedule 15 or 15.1. See CA-1-009b Attachment A, Revised Schedule 15.

   On Schedule 15.1 the revised customer charge rates Rate Schedules C-1 and C-1 A/C for November-April should be $35.30 instead of $35.50. See CA-1-009a Attachment A.

c. There is no minimum usage requirement during the Summer months for C-1 A/C customers.

   The tariff requires a separate meter for air-conditioning equipment in order to receive summer service at the A/C rate. Such customers may have equipment that provides both heating and cooling. Except for the months of May-October the rates for these customers are the same as other customers. In accordance with the tariff any usage during the months of May-October is deemed to be for air-conditioning.

   “SUMMER AIR-CONDITIONING RATE Available to any commercial or industrial Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for summer air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.”

d. The volume for C-2 customers in row 126 on Schedule 15.1 are adjusted for unbilled volumes. The volumes on rows 467 to row 470 on Schedule 15.1 are the billed volume for each month for each rate block. The unbilled volumes included on row 126 are not broken into rate blocks. The billed volume by rate block are used to allocate total volume for the month.

e. The 200,992 Dths in Cell J246 includes estimated usage during the month of July 2020 that was the basis of the accounting entry for the month. (Billing for the F-1/T-2 customers had not been completed when the books were closed for July 2020, so the volume and revenues were estimated.) The sum of the of the volumes in Cell J268 to J271 are the volumes billed by rate block.

f. Corrected. See Revised Schedule 15.1 CA-1-009a Attachment A. This correction does not impact the T-1 revenues on Schedule 6. The T-1 revenue on schedule 6, Cell I18 is the T-1 booked revenue $1,041,784 from Schedule 15 Cell P222. The adjustment on Schedule 6 Cell K18 $94,967 is from Schedule 15.1 Cell P394 that was not impacted by this change.

g. See CA-1-009g Attachment A, Special Contract billing determinants and rates.
See CA-1-009g Attachment B, Copy of Order Approving Special Contract.
See CA-1-009g Attachment C, Copy of Special Contract.

Note the rates on CA-1-009g Attachment A and the Copy of the Special Contract (CA-1-009g Attachment C) are Confidential.

h. There was an error in the formula. The increase in revenue as a result of annualizing the 10/1/2020 rate increase $3,410,700 is correctly multiplied by the forfeited discount factor .87969 from Docket 18-00017 resulting in an increase in forfeited discounts of $29,999. The sum of the $3,410,770 and the $29,999 should have been multiplied by the 0.3829 Uncollectible Ratio from Docket 18-00017 producing an increase in bad debt expense of $13,159 instead of $115. See Revised Schedule 15.1 CA-1-009a Attachment A.

i. Cells D433 through Cell P439 have been corrected with 2020 data. See Revised Schedule 15.1 in CA-1-009a Attachment A.

Witness: Archie Hickerson
Director, Rates and Tariff Administration
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-010 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 16.1A" related to Weather Normalized Usage and Revenues that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the "Post Test Year Billing Determinants" included in Columns C, D and E that are presented as hard-coded numbers;
b. Rationale/Explanation. Explain the Company's rationale for not segregating Winter and Summer therm volumes for Residential R-1 customers in Cells C20 to D20 in the same manner that the Company has carried out for other rate schedules on this spreadsheet;
c. Rationale/Explanation. The purpose of this schedule appears to be for calculating a weather normalized usage per customer in order to make a related revenue adjustment. However, the Company has already included its WNA revenue in the base period which would appear to negate the need to make a separate weather adjustment within the ARM filing. For example, on Schedule 15, Cell P19, the Company includes $$722,031 in WNA revenue. Therefore, explain the Company's rationale for calculating a separate weather normalization adjustment within the ARM filing; and
d. Rationale/Explanation. For Rate Schedule C-2, the Company appears to have calculated the weather normalized usage (in Columns W and X) using the assumption that all C-2 customers use gas in all rate blocks. Explain the Company's rationale for this assumption and provide evidence supporting this conclusion.

CGC RESPONSE:

a. The source of the hard-coded data in columns C, D, and E of Schedule 16.1A is the Commission's January 15, 2019 Order in Docket 18-00017, Attachment 2. Note the source of the information is shown in Cell B 12 of Schedule 16.1A. Schedule 16.1A is a duplicate of the Commission's Attachment 2, except for Columns 15, 16, and 17.

b. As explained in response "a" above, Schedule 16.1A is a duplicate of the Commission's Attachment 2 to its January 15, 2019 Order in Docket 18-00017, except for Columns 15, 16, and 17. The Commission did not segregate Winter and Summer therm volumes for R-1 Customers in Cells C20 and D20 in the same manner as for other rate schedules. The Company did not modify the format of the Commission's Attachment 2.

c. See the Commission's October 7, 2019 Order in Docket 19-00047 approving the ARM, the Stipulation and Settlement Agreement, and Exhibit A to the Stipulation and Settlement Agreement. As provided on page 1 of Exhibit A to the Stipulation and Settlement Agreement:

> Sales and transportation margin shall be weather normalized based on the weather normalized use per customer for Rate Schedules R-1, R-4, C-1 and C-2 adopted in Docket No. 18-00017 or subsequent general rate case. The revenues for customer served under the following Rate Schedules or combination of Rate Schedules F-1, 1-1, T-1, F-I/T-2, F-1/T-2/T-I, and Special Contracts shall be the actual revenues for the Historic Base Period.

On page 7 of Exhibit A to the Stipulation and Settlement Agreement the schedules that are to be filed include the weather normalization adjustment.

d. The C-2 usage is allocated to the rate blocks based on the average normalized use per rate block per customer adopted by the Commission in Docket 18-00017. Since the use per customer per rate block is based on the average, some customers will have no usage in some rate blocks while other will have a material amount. The schedule doesn't indicate that each customer uses gas in each rate block.

Witness: Archie Hickerson
Director, Rates and Tariff Administration
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-011 Refer to file , Tab “Schedule 16.3” related to Weather Normalized Revenue Adjustments that was included with the Company’s filing and provide the following information:

a. Rationale/Explanation. In Cell E12, the Company makes a $-383,444 (a negative adjustment) weather normalization adjustment to Rate Schedule R-1. In Cell E29, the Company makes a $378,893 (a positive adjustment) weather normalization adjustment to Rate Schedule C-2. Explain the Company’s rationale for making both positive and negative adjustments for two different rate schedules in order to calculate the same differential from normal weather during 2020.

CGC RESPONSE:

In accordance with the Stipulation and Settlement Agreement in Docket 19-00047:

> Sales and transportation margin shall be weather normalized based on the weather normalized use per customer for Rate Schedules R-1, R-4, C-1 and C-2 adopted in Docket No. 18-00017 or subsequent general rate case. The revenues for customer served under the following Rate Schedules or combination of Rate Schedules F-1, 1-1, T-1, F-lfr-2, Flfr-2/TI, and Special Contracts shall be the actual revenues for the Historic Base Period.

When the weather normalized usage for the customers served under the R-1 Rate Schedule, computed as prescribed in the Stipulation and Settlement, is multiplied by the current authorized usage rate, the resulting normalized revenue is $4,863,373. The calendar year R-1 usage revenue, adjusted to reflect a full year at the current rate, is $5,246,816. As a result, the $383,444 negative adjustment is necessary to reflect normalized usage revenue for Rate Schedule R-1.

Similarly, when the current rates are applied to the weather normalized usage for customers served under Rate Schedule C-2, computed in accordance with the Stipulation and Settlement Agreement, the resulting revenue is $5,671,833. The calendar year C-2 usage revenue adjusted to reflect a full year at current rates is

$5,292,940. As a result, a positive adjustment of $378,893 is required to reflect the C-2 weather normalized usage revenue.

Both adjustments are made in conformity with the Stipulation and Settlement in Docket 19-00047.

Witness: Archie Hickerson
Director, Rates and Tariff Administration
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-012 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 16.4" related to the number of customers, volumes and base revenue that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Provide the source and support for the monthly billing determinants on this Schedule that appear as hard-coded numbers; and

b. Reconciliation. Reconcile the billing determinants on this Schedule with those included on Tab "Schedule 15". For example, Schedule 16.4 shows Residential R-1 volumes to be 535,307 (Dth) for January 2020 in Cell H16. However, Schedule 15 shows Residential R-1 volumes to be 6,185,182 (Therms) for January 2020 in Cell D11. Reconcile all differences between these two schedules along with all supporting documentation.

CGC RESPONSE:

a. The source of the number of customers, volumes and base revenue on Schedule 16.4 is the Company's billing system and the reports that are included on page 16 of Chattanooga Gas Company monthly reports to the Tennessee Public Utility Commission that are also provided to the Consumer Advocate unit in the Office of the Tennessee Attorney General. The volumes and revenues on Schedule 16.4 are the volumes and revenues billed during the month.

b. The source of volumes and revenues on Schedule 15, is the Company's account system. See CA-1-008a Attachment A for support.

   As shown on Schedule 15, the volumes and revenue reflect adjustments for unbilled volumes that are included when revenue is recorded for the month. The volumes and revenues on schedule 16.4 are from the billing system and are the volumes and revenue on bills issued during the month.

   Chattanooga Gas Company records revenue and expenses on the accrual basis and includes an adjustment for unbilled revenue each month. Since Customers are billed on a cycle basis, at the end of the month there is a volume of gas that has been delivered to the customers during the month but not yet billed. Also, at the beginning of the month, there is a volume of gas that was delivered in the previous month that will be bill during the current month. As a result, the Company accrues revenue for the unbilled volume at the end of the month and makes a reversing entry for the unbilled volume at the beginning of the month. See Accounts 400101, 400201, and 400401. The volumes and revenues reflected on Schedule 15, include the unbilled adjustments, while Schedule 16.4 show the volumes and the revenue for bills issued during the month.

Witness: Archie Hickerson
Director, Rates and Tariff Administration
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-013 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 19” related to the Income Statement that was included with the Company’s filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the hard-coded data included on this spreadsheet.

CGC RESPONSE:

The Company utilizes two tools for reporting of financial data (general ledger), Oracle Hyperion and PeopleSoft. The reporting tool used to comprise Schedule 19 is Oracle Hyperion. Schedule 19 is pulled directly from the Oracle Hyperion System and formatted in alignment with the ARM order, Docket 19-00047.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-014 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 19.1" related to the Income Statement-FERC that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the hard-coded data included on this spreadsheet.

CGC RESPONSE:

The Company utilizes two tools for reporting of financial data (general ledger), Oracle Hyperion and PeopleSoft. The reporting tool used to comprise Schedule 19.1 is Oracle Hyperion. Schedule 19.1 is pulled directly from the Oracle Hyperion System. Schedule 19.1 has been mapped to the corresponding Federal Energy Regulatory Commission ("FERC") account as prescribed in the ARM order, Docket 19-00047. Please refer to Schedule 32D for the mapping of the Company's chart of accounts to the FERC Chart of Accounts.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-015 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 20” related to the AGL Services Income Statement that was included with the Company’s filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the hard-coded data included on this spreadsheet.

CGC RESPONSE:

The Company utilizes two tools for reporting of financial data (general ledger), Oracle Hyperion and PeopleSoft. The reporting tool used to comprise Schedule 20 is Oracle Hyperion. Schedule 20 is pulled directly from the Oracle Hyperion System and formatted in alignment with the ARM order, Docket 19-00047.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Consumer Advocate's First Set of Discovery Requests

CA-1-016 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 20.1” related to the AGL Services Income Statement that was included with the Company’s filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the hard-coded data included on this spreadsheet.
b. Comparison. Provide a comparison of the data on this Schedule with the FERC income statement in a format similar to Tab “Schedule 19.1a”.

CGC RESPONSE:

a. The Company utilizes two tools for reporting of financial data (general ledger), Oracle Hyperion and PeopleSoft. The reporting tool used to comprise Schedule 20.1 is Oracle Hyperion. Schedule 20.1 is pulled directly from the Oracle Hyperion System. Schedule 20.1 has been mapped to the corresponding Federal Energy Regulatory Commission (“FERC”) account as prescribed in the ARM order, docket 19-00047. Please refer to Schedule 32D for the mapping of the Company’s chart of accounts to the FERC Chart of Accounts.
b. Service company costs are shown in CGC’s income statement in Schedule 19 by service provider. Schedule 19.1a takes the service company costs by service provider and spreads it to the functional income statement accounts (payroll, benefits, depreciation, etc.) where the allocated cost originated. The spreading of service company cost to functional accounts is performed for FERC reporting purposes. Schedule 20.1 shows both where cost originated in the functional accounts and how costs are rolled up and allocated by service provider. Therefore, AGSC Schedule 20.1 is the equivalent of CGC Schedule 19.1a.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 20-00049
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-017 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 22" related to the Capital Expenditures by Category that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the hard-coded data included on this spreadsheet;
b. Define/Identify. Identify the specific plant accounts associated with each category listed on this Schedule; and
c. Reconciliation. Reconcile the monthly amounts included on this Schedule with the plant additions included on Tab "Schedule 14.1".

CGC RESPONSE:

See CA-1-017a Attachment for the requested information. The following information is provided in CA-1-017a Attachment:

1. Schedule 22 tab – provided for informational purposes
2. Schedule 22 by FERC – provides a summary of capital expenditures by FERC account.
3. Plant Additions by Project – shows total additions by project for the historic base period that ties to Schedule 14.1.
4. 2020 Capital Summary – source and support for Schedule 22.

Please note, additions are not tracked in the capital summary. Additionally, projects may not be completed in the year in which capital expenditures are made. Also note, additions include both current period capital expenditures and prior period capital expenditures for longer lived projects.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-018 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 23.1” related to the Allocated Cost Adjustment that was included with the Company’s filing and provide the following information:

a. Define/Identify. Refer to Row 19 of this spreadsheet that calculates the monthly AGSC allocation rate to Chattanooga Gas based on costs that were actually allocated to AGSC’s total costs. Identify the actual monthly allocation factors charged to each affiliate of AGSC during 2020; and
b. Source & Support. Refer to Row 19 of this spreadsheet that calculates the monthly AGSC allocation rate to Chattanooga Gas based on costs that were actually allocated to AGSC’s total costs. Provide the source and support for the data used to make the monthly allocation factor calculation for each month of 2020 for each affiliate of AGSC.

CGC RESPONSE:

a. Please see CA 1-018a CONFIDENTIAL Attachment for the annual AGSC allocation factors for each affiliate calculated in the same manner as presented in Schedule 23.1. Please note, the AGSC allocation factor provided in Schedule 23.1 is used for certain rate making adjustments. Service company costs are allocated or assigned at the department level to affiliates as discussed in the Company’s cost allocation agreement (CAM) which has been provided in Schedule 32.
b. The data used to calculate the AGSC Allocation Factor in Schedule 23.1 is derived from Schedule 19 and Schedule 20. Please see the responses to CA 1-013 and CA 1-015 for the source and support for these schedules.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-019 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 24.2 related to Department 1637 Government Affairs that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Identify and provide the source and support for the hard-coded data included on this spreadsheet.

CGC RESPONSE:

The reporting tool used to comprise Schedule 24.2 is Oracle Hyperion. Schedule 24.2 is pulled directly from the Oracle Hyperion System and formatted in alignment with the ARM order, Docket 19-00047. Department 1637 is used to record, and track costs associated with Governmental Affairs, these costs are excluded for rate making purposes.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-020 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Schedule 24.3 related to the Lobbying Portion of Organization Dues that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Provide the source and support for the amounts included in Column E of this spreadsheet which appear as hard-coded data; and
b. Source & Support/Hard-coded data. Provide the source and support for the Lobbying Percentages included in Column H of this spreadsheet which appear as hard-coded data.

CGC RESPONSE:

a. Please see CA-1-020a Attachment. This data is pulled directly from the Company's ledger source, PeopleSoft.
b. Per the 2020 invoice from the American Gas Associated (AGA) to Southern Company Gas, AGA estimates that the nondeductible portion of the 2020 dues, the portion that is allocable to lobbying, is 6.2%

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-021 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 27" related to Incentive Compensation and Other Payroll Workpaper that was included with the Company's filing and provide the following information:

a. Source & Support. Provide the source and support for the 171% factor embedded within the "Adjustment to 100%" formula for Chattanooga Gas Company on Row 16 of this spreadsheet
b. Source & Support. Provide the source and support for the 170% factor embedded within the "Adjustment to 100%" formula for Allocated Expense-AGSC on Row 45 of this spreadsheet
c. Source & Support. Provide the source and support for the 176% factor embedded within the "Adjustment to 100%" formula for Allocated Expense-SCS on Row 72 of this spreadsheet; and
d. Source & Support. Provide the source and support for the 50% factor embedded within the "AIP" formulas on Rows 20, 49 and 76 of this spreadsheet.

CGC RESPONSE:

In the Commission Order on Docket 18-00017 the Tennessee Public Utility Commission disallowed 50% of the at-risk short-term incentive compensation proposed for recovery by the Company. The Company's cost of service included at risk short-term incentive compensation at 100% payout such that total compensation (fixed and variable) were at the median of the market salaries and wages. Dependent upon certain performance criteria's the Company's at-risk short-term compensation may range from 0 to 200% in any given year. Duly, the Company has (1) adjusted short-term incentive compensation down to 100% and (2) removed 50%, of the adjusted amount, as approved in the order. The adjustment factors were based on the actual aggregate short-term incentive compensation divided by the aggregate short-term incentive compensation at 100%.

Please reference Schedule 27 - Comp Plan Docs. for additional details of the Company's Incentive Compensation Plans.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 20-00049
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-022 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 28” spreadsheet related to Normalization Adjustments Other Than Weather Workpaper that was included with the Company’s filing and provide the following information:

a. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Group Insurance amounts shown in Cells E14 to E17 of this spreadsheet that appear as hard-coded numbers
b. Rationale/Explanation. Provide an explanation of the substantial reduction in Group Insurance expense for 2020 from previous years;
c. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Other Revenue amounts shown in Cells E56 to E58 of this spreadsheet that appear as hard-coded numbers. In addition, provide the Other Revenue for 2016 that was not included in the Company’s calculation. Finally, provide an explanation why the Company only considered four years in normalizing this adjustment;
d. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Uncollectible Expense amounts shown in Cells F56 to F59 of this spreadsheet that appear as hard-coded numbers;
e. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Materials & Supplies amounts shown in Cells E69 to E70 of this spreadsheet that appear as hard-coded numbers. In addition, provide the Materials & Supplies for 2016 and 2017 that were not included in the Company’s calculation. Finally, provide an explanation why the Company only considered three years in normalizing this adjustment;
f. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Prepayment amounts shown in Cells F69 to F70 of this spreadsheet that appear as hard-coded numbers. In addition, provide the Prepayments for 2016 and 2017 that were not included in the Company’s calculation. Finally, provide an explanation why the Company only considered three years in normalizing this adjustment;
g. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Gas Inventory amounts shown in Cells G69 to G70 of this spreadsheet that appear as hard-coded numbers. In addition, provide the Gas Inventory for 2016 and 2017 that was not included in

the Company's calculation. Finally, provide an explanation why the Company only considered three years in normalizing this adjustment;

h. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Reserve for Uncollectible amounts shown in Cells H69 to H70 of this spreadsheet that appear as hard-coded numbers. In addition, provide the Reserve for Uncollectible for 2016 and 2017 that was not included in the Company's calculation. Finally, provide an explanation why the Company only considered three years in normalizing this adjustment;
i. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Reserve for Health Insurance amounts shown in Cells E78 to E79 of this spreadsheet that appear as hard-coded numbers. In addition, provide the Reserve for Health Insurance for 2016 and 2017 that was not included in the Company's calculation. Finally, provide an explanation why the Company only considered three years in normalizing this adjustment;
j. Source & Support/Hard-coded data. Provide the source and support for the Pre-2020 Other Reserve amounts shown in Cells F78 to F79 of this spreadsheet that appear as hard-coded numbers. In addition, provide the Other Reserves for 2016 and 2017 that were not included in the Company's calculation. Finally, provide an explanation why the Company only considered three years in normalizing this adjustment;
k. Source & Support/Hard-coded data. Provide the source and support for the Balance Over 6 Months and the Balance Under 6 Months used in Cells E87 to E88 for the Interest on Customer Deposits calculation that appear as hard coded numbers;
l. Source & Support/Hard-coded data. Provide the source and support for the prime interest rate of 3.25% in Cell E95 that appears as a hard-coded number; and
m. Source & Support/Hard-coded data. Provide the source and support for Rate Case Expense of $241,932 shown in Cell E102 as a hard-coded amount.

CGC RESPONSE:

The reporting tool used to comprise Schedule 28 is the Oracle Hyperion System.

a. Please see CA-1-022a Attachment at Tab A.
b. The Company medical plan is a self-insured plan where the Company pays the healthcare claims. Considering the group size of Chattanooga Gas (approx. 50 employees) it is not abnormal to see claim volatility from year-to-year. The experience of high cost claimants (defined as having over $100k in annual claims spend) can swing costs significantly from year to year.

c. As stipulated in Docket 19-00047, “Other Revenues” shall be the average for the Historic Base Period and the previous three (3) years. Please see CA-1-022a Attachment, at Tab C.
d. Please see CA-1-022a Attachment, at Tab A.
e. As stipulated in Docket 19-00047, Materials & Supplies, Pre-Payments, Gas Inventory, and Reserves shall be the historic average balance for the Historic Base Period and the previous two years for. Please see CA-1-022a Attachment, at Tab B the requested information.
f. Please see Response (e).
g. Please see Response (e).
h. Please see Response (e).
i. Please see Response (e).
j. Please see Response (e).
k. Please see CA-1-022d Attachment.
l. The prime interest rate of 3.25% in Cell E95 is based on the Wall Street Journal Prime interest rate as of December 2020. This information is also provided in the tariff revisions provided in the testimony and exhibits of Mr. Archie Hickerson. Proposed tariff revision: “Interest on deposits shall accrue at a per annum rate equal to the prime bank lending rate as published in The Wall Street Journal for the last business day of the preceding calendar year, compounded annually. In no case will interest be accrued for a period extending beyond the date of refund or the date service is terminated, whichever date is earlier. No interest shall be paid on deposits held for a period of less than six (6) months.”
m. Per the 2019 ARM Stipulation, Docket 19-00047, “Docket No. 19-00047 ARM Costs. CGC shall treat the costs it has incurred in Docket No. 19-00047 like a rate case expense and shall amortize such expenses over a three-year period. The three-year amortization period for CGC's ARM Docket costs shall begin on September 1, 2020, coinciding with the first annual rate reset.” In the Company’s 2019 ARM filing, the Company ultimately presented and was approved deferral and amortization of $241,932 over a three-year period. Further support for the $241,932 is in the rebuttal testimony of Gary Tucker and in the accompanying exhibit, CGC Tucker Exhibit GT-4.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-023 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "28.1" related to a Normalization Workpaper that was included with the Company's filing and provide the following information:

a. Source & Support/Hard-coded data. Provide the source and support for the Price Waterhouse-Cooper Adjustment of $327,635 in Cell J137 that appears in a formula as two separate hard-coded amounts;
b. Source & Support/Hard-coded data. Provide the source and support for the Crossbore Legacy Program Adjustment of $144,306 in Cell M134 that appears as a hard-coded amount. In addition, provide a more complete description for the purpose of this expenditure;
c. Source & Support/Hard-coded data. Provide the source and support for the Stakecenter Locating Adjustment of $40,137 in Cell N137 that appears as a hard-coded amount. In addition, provide a more complete description for the purpose of this expenditure;
d. Source & Support/Hard-coded data. Provide the source and support for the Maintenance of Gas Holders Adjustment of $127,797 in Cell O158 that appears as a hard-coded amount; and
e. Correction/Updated Information. The formula for total operations and maintenance expense in Row 176 does not appear to contain all of the data presented.

CGC RESPONSE:

In determining whether normalization adjustments should be made to the Historic Base Period cost of service, the Company compared the 2020 income statement to the 2019 income statement to identify any accounts with significant increases. Those accounts with significant increases were reviewed in detail to determine whether those changes were one time or non-recurring in nature. The adjustments shown in workpaper 28.1 are a result of the year-over-year account level variance analysis. See the Variance Analysis tab in CA 1-23a.

a. See tabs 670200 Pivot and 670200 Details in CA 1-023a Attachment. In the 2020 Historic Base Period, charges of $227,635 were incurred from PwC for the Service Company Shared Service Study filed with the 2019 ARM. PWC also performed a pipeline safety management system assessment at a cost of $50,000 in the 2020

Historic Base Period. These costs are not routine or recurring and, thus, have been removed through a normalization adjustment in the Rate Reset.

b. See tabs 660321 Pivot and 660321 Details in CA-1-023a Attachment. The crossbore program normalization adjustment is for a video pipeline inspection (scoping) associated with the Company's crossbore remediation program. The crossbore remediation program is a proactive initiative where the Company investigates and remediates areas with previously identified crossbores. A crossbore is defined as the intrusion of an existing underground utility or underground structure by a second utility resulting in direct contact between the transactions of the utilities that compromises the integrity of either the utility or underground structure. Because the costs are not incurred annually, the Company has removed the costs through a normalization adjustment in the Rate Reset.
c. See tabs 670200 Pivot and 670200 Details in CA-1-023a Attachment. In the 2020 Historic Base Period, two contractors were used for the Company's Watch and Protect Program. The Watch and Protect contractors were provided by a third party, Stake Center Locating Inc. While these charges were identified in the year-over-year variance analysis, they were determined to be ongoing (not one-time or non-recurring). However, the Company is hiring two full time employees to perform this function in 2021. As such, there were estimated cost savings associated with bringing this function in-house, so a normalization adjustment was included in the Rate Reset to reflect the estimated savings.

   There is to be two (2) FTE's employed by the Company in 2021. The first FTE to be employed in the beginning of 2021 and second to be employed in April 2021. The normalization adjustment is the difference between the historic base period costs allocated to Stake Center Locating and the expected costs of the two (2) FTEs to be employed by the Company. The total amount accounted for in the historic base period is $201,464. The expected costs of the FTEs (including benefits) are $161,327. The expected cost of the FTE's is $92,187 per FTE (FTE1 at full year + FTE2 at ¾ of the year). This amount is then taken from the total costs resulting in the $40,137 normalization adjustment.

d. See tabs 625200 Pivot and 625200 Details in CA-1-023a Attachment. The Company incurred 127,797 in gas holder maintenance (painting and insulation) in historic base period. Cost will not be incurred in 2021 so a normalization adjustment was made in the Rate Reset.
e. Please see CA-1-023e Attachment for a copy of 28.1 with corrected formulas. Please note, the totals presented in row 176 in Schedule 28.1 were for presentation purposes only and do not impact the overall calculation of the deficiency or rate reset.

Witness: Gary Tucker, Manager, Regulatory Reporting, Southern Company Gas

Chattanooga Gas Company
Docket No. 20-00049
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-024 Refer to file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab “Schedule 28.2” related to the LNG Maintenance Workpaper that was included with the Company’s filing and provide the following information:

a. Source & Support/Hard-coded data. Provide the source and support for the “Expense Removal” of $927,758 in Cell E11 that appears as a hard-coded amount; and
b. Source & Support/Hard-coded data. Provide the source and support for the 50% adjustment factor embedded within the formula in Cell E19 that appears as a hard-coded amount.

CGC RESPONSE:

a. The Company incurred material LNG maintenance expenses in the Historic Base Period that are not expected to be incurred again for the next four to eight years. The LNG maintenance expense adjustment is primarily related to two maintenance items, the replacement of the sieve in the dehydrators and installation of rip rap on the LNG tank containment berm. See CA-1-024a Attachment for additional details.
b. The 50% adjustment factor embedded within the formula in Cell E19 assumes that the deferred balance aggregates evenly over the historic base period. The approach is equivalent to taking a 13-month average using the same approach.

Chattanooga Gas Company
Docket No. 20-00049
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-025 The following accounts have seen a substantial increase in the base period compared with prior periods. With respect to these costs, respond to the following:

a. Account 670200 Outside Services Employed:

Subaccount #670200	
Outside Services Empl.	
Year Ending	**Amount**
2016	$178,968
2017	$88,275
2018	$122,810
2019	$520,887
2020	$791,060

i. Rationale/Explanation. Provide a comprehensive explanation for the increased charges in this account; and
ii. Define/Identify. Provide a list, amount, and description of services performed for each vendor whose costs were charged to the account in
iii. Provide a comprehensive explanation of services performed for all vendors in excess of $30,000

b. Account 671416 Allocated Call Center:

Subaccount #671416	
Allocated Call Center	
Year Ending	**Amount**
2016	$490,680
2017	$547,140
2018	$660,047
2019	$483,462
2020	$947,252

i. <u>Rationale/Explanation.</u> Provide a comprehensive explanation for the increased charges in this account;

ii. <u>Source & Support.</u> To the extent there are any non-labor charges recorded to this account, provide the general ledger information supporting these non-labor charges.

c. Account 670590 AIP Bonus:

Subaccount #670590	
AIP Bonus	
Year Ending	Amount
2016	$239,506
2017	$228,786
2018	$290,525
2019	$321,034
2020	$423,912

i. <u>Rationale/Explanation.</u> Provide a comprehensive explanation for the increased charges to this account.

d. Account 660360 Environmental costs:

Subaccount #660360	
Environmental Costs	
Year Ending	Amount
2016	$10,713
2017	$890
2018	$5,726
2019	$9,861
2020	$21,065

i. <u>Rationale/Explanation</u>. Provide a comprehensive explanation for the increased charges to this account; and

ii. <u>Define/Identify.</u> Provide the type of services provided and the matter(s) the costs were related to.

<u>CGC RESPONSE</u>:

a. Account 670200 Outside Services Employed:

i. The main drivers of the increase of Outside Services Employed are listed below

   a. The 2020 Shared Services Study - PriceWaterHouseCopper conducted the 2020 Shared Service study filed with the 2019 ARM, as well as a pipeline safety management system assessment. The cost associated with these totals $327,635. These costs are not recurring, as such, they have been removed through a normalization adjustment in the Rate Reset.

   b. Stake Center Locating – Predictive Analytics Watch and Protect Program costs increased approximately $130K. The increase is the result of two additional contractor resources. Please see the response to CA-1-023 for additional details on these charges and the normalization adjustment associated with these costs.

ii. Please see CA-1-025a Attachment.

iii. Please see CA-1-025a Attachment.

b. Account 671416 Allocated Call Center:

i. The increase in Allocated Call Center costs is result of four items. First, an increase in call volumes at CGC, call volumes are generally used to allocate call center costs. Second, the transition service agreements (TSA) ended mid-2020. Under the TSAs, the call center supported three recently divested entities, Elizabethtown Gas, Elkton Gas, and Florida City Gas. Third, call center contractors where made full time employees. As contractors, their costs were allocated using customer count similar to call center overheads. As full-time employees, their cost is being allocated based on call volumes. Finally, there was lower staff attrition in 2020 than expected.

ii. Costs allocated to account 671416 are primarily labor and labor related cost such as benefits and payroll taxes. See CA-1-025b Attachment.

c. Account 670590 AIP Bonus:

i. The Company's short-term incentive compensation program sets targets and thresholds dependent on corporate, business unit, and individual performance relative to annually established goals. The payout range for all participants is 0% to 200% of the established targets in each category. As a result, the annual payout for short-term incentive compensation can vary from year to year.

   As stated in the response CA 1-021, 50% of the at-risk short-term incentive compensation (AIP) was disallowed by the Commission in Docket 18-00017. The average adjusted short-term incentive compensation from 2016-2019 is approximately $130K. In 2020, after adjustments, the Company is seeking to recover approximately $123K (see line 8 on Schedule 27), which is in line with the adjusted average amount for 2016 through 2019.

d. Account 660360 Environmental costs:

i. The increase in environmental cost in account 660360 is primarily a result of City of Chattanooga water quality fees. The current Water Quality Fee is based on measured impervious surface. The method determines actual impervious surface from high-quality aerial photography and color infrared imaging.

ii. Please see table below.

Supplier	Services Provided	Total
CITY OF CHATTANOOGA	Certificate or Operation Renewal	1,325
	Water Quality Fees	13,876
STATE OF TENNESSEE	LNG Plant Inspection Certificate Fees	2,940
TRINITY CONSULTANTS INC	LNG Plant Compliance Assistance	2,923.62
Grand Total		21,064.62

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 20-00049
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-026 Define/Identify. Refer to Account 660321 Crossbore Legacy Program. Provide the number of crossbores located and/or remediated for the years 2017-2020.

RESPONSE:

During the period of 2017 and 2020 the Company located and remediated 31 crossbores. Associated with those crossbores was the inspection of 11.5 miles of sewer main and 1,213 laterals.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Chattanooga Gas Company
Docket No. 20-00049
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-027 Rationale/Explanation. Refer to Account 680304 Interco Billing General O&M. Provide a comprehensive explanation of the charges making up this account. Additionally, provide a discussion on why this subaccount has gone from a credit balance for the previous 4 years to a positive $100k balance during the historic period.

RESPONSE:

In April 2020 the Company's service territory was impacted by a significant weather event. The cost associated with damages, as a result of the event, totaled $202K. Atlanta Gas Light ("AGLC"), an affiliate, aided in the assessment and reparation of the damages. Subsequently, $92K, related to the costs incurred as a result of the mutual aid from AGLC, was billed through account 680304 Interco Billing General O&M. This was an unforeseen and anomalous event. As such the Company has removed the costs through a normalization adjustment in the Rate Reset.

Please refer to Schedules 28.1 and Schedules 35.10 for additional details regarding the normalization of tornado expenses.

Additionally, in November of 2020, AGLC provided support to CGC in the repair of a damaged main. The costs were billed through account 680304, totaling $9K.

The credit activity in account 680304 from 2016 through 2019 was primarily related to intercompany billings by CGC to affiliate JAX LNG LLC for labor costs associated with worked performed by CGC on behalf of JAX LNG. The credits ceased in 2020 due to the sale of JAX LNG LLC to Dominion Energy.

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 21-00048
2020 Annual Rate Review

Consumer Advocate's First Set of Discovery Requests

CA-1-028 Rationale/Explanation. Refer to Schedule 39.1 regarding Account 670402 Outside Legal Services. Provide the Company's explanation for inclusion of Non-Regulatory Outside Legal Service of $33,857. Additionally, provide a general overview of services performed.

RESPONSE:

The Company categorized all Commission docketed matters and certain non-docket matters as regulatory as described in detail in Schedule 39. Non-Regulatory Outside Legal Services are for services that are incurred as part of prudent and necessary cost to serve our customers but have not been identified as a regulatory matter. Non-regulatory legal matters include contract review, labor and employment administration, general legal advice, etc. A list of the firm and general overview of the service provided and categorized as Non-Regulatory Outside Legal Services is listed below.

Counseling Firm	**Description**	**Total**
BUTLER SNOW LLP	Sales Tax - Tennessee Department of Revenue	3,943
TROUTMAN PEPPER HAMILTON SANDERS LLP	Project Development Renewable Natural Gas	21,364
PATRICK LAW GROUP LLC	General Contract Review	328
SEYFARTH SHAW	Labor and Employments Counseling and Administration	1,877
SHERRARD VOIGT AND HARBISON PLC	Labor and Employments Counseling and Administration	6,345
		33,857

Witness: Gary Tucker
Manager, Regulatory Reporting
Southern Company Gas

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Attorneys for Chattanooga Gas Company

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Responses have been forwarded to the following via email on this the 20th day of May, 2021:

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