

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

**June 7, 2021**

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

---

**CHATTANOOGA GAS COMPANY'S  
RESPONSES AND OBJECTIONS TO THE  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND  
INFORMAL THIRD 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 Second 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 28, 2021, and the Informal Third Discovery Requests requested via email on June 2, 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**

CGC hereby adopts its general objections to the Consumer Advocate's First Discovery Requests previously filed on May 20, 2021.

## **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 Second Set of Discovery Requests

- CA-2-001** Refer to <Exhibit GT-3> regarding the projected revenue deficiency/(excess) for 2020 - 2024 that was included with the Company's filing and provide the following information:
- a. Source & Support/Native format. Provide the source and support for the data included in this Exhibit in Excel format.

**CGC RESPONSE:**

Please see CA-2-001a Attachment CONFIDENTIAL 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 Second Set of Discovery Requests

- CA-2-002** Refer to file <CGC Tucker Exhibit GT-1 (Arm Model)>, Tab "Schedule 2A1" of the spreadsheet 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. Provide the source and support for the monthly balances for "Recorded Tax Refund" shown on Row 87 of this spreadsheet which appear as hard-coded amounts;
  - b. Source & Support/Hard-coded data. Provide the source and support for the monthly balances for "Dkt 18-00035 Tax Refund" shown on Row 91 of this spreadsheet which appear as hard-coded amounts;
  - c. Source & Support/Hard-coded data. Provide the source and support for the monthly balances for "Approved 2019 Deficiency" shown on Row 104 of this spreadsheet which appear as hard-coded amounts; and
  - d. Source & Support/Hard-coded data. Provide the source and support for the monthly balances for "Prepaid AGSC Pension Cost" shown on Row 110 of this spreadsheet which appear as hard-coded amounts.

**CGC RESPONSE:**

- a. Please refer to account 251415 in Schedule 21, tab 2020\_Balance Sheet for the requested information.
- b. See CA-2-002b Attachment A for the final order on Docket 18-00035. On page 22 of the order, the Commission directs CGC to refund an aggregate regulatory liability of \$1,844,710. Since the specific amount noted in the order was not initially accrued by the Company, a pro-forma adjustment was made from December 2019 through May 2020 in the filing to reflect the amount ordered to be refunded by the Commission.
- c. See CA-2-002c Attachment A for the approved stipulation on Docket 20-00049. On page 5 of the order, the Commission approved a total rate adjustment of \$4,758,576 which was presented and ties to Schedule 1 in Exhibit GT-4. See CA-2-002c Attachment C for a copy of Exhibit GT-4. The approved 2019 deficiency of \$3,962,204 is shown in Schedules 5 and 29 of Exhibit GT-4. The balance is then included in rate base for 2020 as stipulated on page 32 of Order 19-00047, "The rate

base shall be adjusted to include: The average unamortized balance of the Annual Reconciliation Balance (positive or negative) and the related deferred income tax assuming amortization over twelve (12) months, and.” See CA-2-002c Attachment B for a copy of the ARM stipulation approved in Docket 19-00047.

- d. See CA-2-002c Attachment C for a copy of Exhibit GT-4 which supports the rate adjustment approved by the Commission in the Company’s 2020 ARM filing. Schedule 25.2 in the Exhibit shows the derivation of the Prepaid AGSC Pension Cost and the five-year amortization of those costs. Further the balances calculated and shown for December 2019 tie to the amounts presented for the same period in this year’s ARM filing in CGC Tucker Exhibit GT-1, Schedule 2A1.

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

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-003** Refer to file <CGC Tucker Exhibit GT-1 (Arm Model)>, Tab "Schedule 2A1" of the spreadsheet related to Allocated Cost Adjustment that was included with the Company's filing and provide the following information:
- a. Reconciliation. We are having difficulty tracing the amounts included here with the Service Company invoices included on the Workpaper for Schedule 23 (GL29). For example, the Total Net Costs Subject to AGSC Allocation shown on Row 17 of Schedule 23.1 for January 2020 equals \$26,266,628. However, the GL29 monthly invoice for January 2020 shown in the Workpapers for Schedule 23 show a total cost of \$26,264,023 for a difference of \$2,605. Please reconcile the monthly differences from January 2020 through December 2020 between the total AGSC costs to be allocated on Schedule 23.1 with the monthly Service Company invoices

**CGC RESPONSE:**

Direct assigned costs for Dept 0931 - Safety & Training from Southern Company Services (SCS) to Atlanta Gas Light (AGLC) were, inadvertently, omitted from the GL29 Invoices. The costs are 100% directed assigned to AGLC. The attached workpaper, CA-2-003a Attachment reconciles the ledger, pulled from Hyperion, against the invoices and omitted direct assigned costs.

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

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-004** Refer to file <Schedule 35.5 EDIT Bal and Act Workpapers>, a spreadsheet that was included with the Company's filing. Specifically refer to Tab "EDIT Summary" of this spreadsheet and provide the following information:
- a. Source & Support/Hard-coded data. Provide the source and support for the "Pre-Tax Reform Regulatory Tax Liability" of \$-1,652,824 in Cell G25, which appear as a hard-coded amount; and
  - b. Define/Identify. Identify where any components of this spreadsheet are linked with the <CGC Tucker Exhibit GT-1 (Arm Model)> spreadsheet

**CGC RESPONSE:**

- a. The \$(1,652,824) is the 2020 balances of three regulatory tax items that existed prior to the Tax Cuts and Jobs Act (TCJA) and are included in CA-1-003(b) Attachment provided in response to CA-1-003. CA-1-003(b) Attachment has been updated in response to this request and included as CA-2-004a Attachment to provide the total and references to the support provided in response to CA-2-012. The total of the three amortized amounts as of 12/31/2020 is provided on line 7 (Cell I20) of CA-2-004a Attachment.
- b. See the EDIT Summary tab in CA-2-004b Attachment. A summary of the information provided within the EDIT Summary tab is provided below:
  - a. Row 26 shows that the EDIT December ending amount in Schedule 35.5 ties to the balance sheet amount in Schedule 2A1.
  - b. Row 17 shows that a correction is required for the protected EDIT amortization, reducing the amortization in Schedule 9 by \$1,454.
  - c. Row 18 shows a timing difference of \$92,360 between the unprotected EDIT amortization recorded for tax purposes as provided in Schedule 35.5 and the amount recorded for regulatory purposes in Schedule 9. Schedule 9 unprotected EDIT amortization is based on the amounts approved in the 2019 ARM, Docket 20-00049, while the tax entry takes the September 2020 ending balance and amortizes the unprotected EDIT balances over twelve months. Overall, both the regulatory amount and tax amounts results in all unprotected EDIT balances being fully amortized by September 2021.

- d. Row 19 shows the remaining difference in unprotected EDITs which should have been included as part of the *Acceleration of federal basis adjustment EDIT Amortization* on row 49 in Schedule 9. The correction in cell K19 is an increase in EDIT amortization by \$1,577.

Making the correction in parts b. and d. above increases the overall ARM rate adjustment by approximately \$1,800.

This correction will be reflected in the rebuttal testimony and associated exhibits of Gary Tucker.

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



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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-005** Refer to file <Schedule 35.7 ADIT Workpapers>, a spreadsheet that was included with the Company's filing. Specifically refer to Tab "Schedule 35.7 ADIT Summary" of this spreadsheet and provide the following information:
- a. Reconciliation. The data in this spreadsheet states that it is specifically for 2019, but the summary information presented here is then transferred to Schedule 2A1 as 2020 data. Reconcile this conflict with the appropriate information;
  - b. Source & Support/Hard-coded data. All of the data on this spreadsheet appears as hard-coded information. Provide an updated schedule with formula links to the federal and state supporting spreadsheets;
  - c. Source & Support/Hard-coded data. Provide an updated spreadsheet with formulas to support the monthly amounts for Accounts 279100, 279101, 279150, 279200, 279250 and 279300 in Cells A57 to AR62 that are presented as hard-coded amounts; and
  - d. Rationale/Explanation. Provide an explanation and rationale for the multiple columns used for each month of this spreadsheet (some hidden) that appear in the summary and supporting spreadsheets.

**CGC RESPONSE:**

- a. The beginning balance in column C is as of December 2019. The remainder of the information on Schedule 35.7 is for 2020. The heading incorrectly state that the amounts were for 2019.
- b. Please see CA-2-005a Attachment for an updated Schedule 35.7 ADIT Workpapers tab labeled "Schedule 35.7 ADIT Summary." The schedule has been updated to included references to the federal and state supporting sheets linked to provide the summary totals. In the process of updating the summary the Company determined that the balance of several line items changed due to reclassifications among the line items but the total amount of deferred taxes did not change. Column AS of the summary tab provides the amounts as originally

filed and column AT provides the difference between the updated balances by line item in column AQ and originally filed balances in column AS. The primary reason for the differences is that is the balance reclassifications performed in December 2020 to correct the classification among line items. The reclassifications were not included in the original workpaper.

As a result of the reclassifications, the ADIT adjustment for pension and OPEB on Schedule 2A1 has been impacted. The resulting impact is a change in the 13-month average adjustment from \$784,356 to \$787,953. Making this correction decreases the overall ARM rate adjustment by approximately \$700.

This correction will be reflected in the rebuttal testimony and associated exhibits of Gary Tucker.

- c. The fourth tab in CA-2-005a Attachment provides a summary by account of each of the components of ADIT. This workpaper is necessary to provide the amounts by account since components within the deferred tax lines item included in Schedule 35.7 are sometimes recorded in more than one account. The components included in each account are listed in each section of the report. The account totals are provided with formulas on rows 123 through 128.
- d. The columns in the summary, federal and state tabs in CA-2-005a Attachment have been unhidden to provide the components of the ADIT amounts recorded each month. Each column represents a distinct component of the tax provision made each month. Columns labeled with only the month name are the first tax provision made each month, for months in which a second provision is made a column labeled 2<sup>nd</sup> close is included. In September columns are included to present the provisions made to record the 2019 federal and state income tax true ups to the tax returns for 2019. For a few months a column was included to adjust for a specific or "discrete" item. In December, a column labeled tax attributes was included for the provision related to the net operating loss component of ADIT, and an additional column was included for an adjustment to ADIT related to the impact of the actuarial true up to pension and retiree medical benefits. The last two columns in December provide reclassification among the components of ADIT.

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

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-006** Refer to <Schedule 35.10 Impacts of April 2020 Tornado Event>, a spreadsheet that was included with the Company's filing and provide the following information:
- a. Corrected/Updated Information. Provide the missing information for Account 671021-Fleet Capitalization in Cell G41 that appears as an empty (null) amount; and
  - b. Corrected/Updated Information. Provide the missing information for Account 427100-General Tax Expense-Payroll in Cell G47 that appears as an empty (null) amount

**CGC RESPONSE:**

a. There were no fleet costs identified and tracked as part of the Tornado Event and, as such, no associated fleet capitalization costs.

b. Payroll taxes were not tracked for the Tornado Event. However, the workpaper should have included an estimate of payroll taxes associated with the payroll cost identified of \$44,182. Utilizing a payroll tax factor of 7.0% (427100 payroll tax/total payroll expense [see Schedule 27 contained within Exhibit GT-1]) multiplied by total payroll expense of \$44,182 results in payroll tax of \$3,092. See CA-2-006b Attachment for a Revised 35.10 and the derivation of the payroll tax. The inclusion of payroll taxes will serve to increase the normalization adjustment associated with the Tornado Event resulting in a decrease in the total rate adjustment.

This correction will be reflected in the rebuttal testimony and associated exhibits of Gary Tucker.

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

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-007** Refer to the direct testimony of Company witness Archie Hickerson. Specifically, pages 9-10, where he discusses the Company's proposed tariff change for over-delivery of gas by transportation customers and provide the following information:
- a. Define/Identify. Provide a schedule showing the monthly over-delivery of gas by transportation customers (by rate schedule) from 2017 to 2020 along with the pro forma revenue collected if the Company's proposed \$15/Dth charge had been in place during this time.

**CGC RESPONSE:**

Chattanooga Gas Company objects to this request as irrelevant and not likely to lead to the discovery of admissible evidence since the proposed \$15/Dth charge for over-delivery on days that Chattanooga Gas has issued a balancing order has been withdrawn from further consideration in this proceeding.

Objection provided by Counsel.

*Witness:* Archie Hickerson  
Director, Rates & Tariffs  
Southern Company Gas

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-008** Refer to the direct testimony of Company witness Archie Hickerson. Specially, page 11 where he discusses the Company's proposed tariff change for the determination of demand volume determinants for T-3 customers and provide the following information:

- a. Rationale/Explanation. Provide a pro forma analysis of the impact on T-3 billing demand revenue for 2020 due to the proposed changes in how demand volumes will be calculated.

**CGC RESPONSE:**

If the proposed method of computing the Billing Demand volumes for Rate Schedule T-3 had been in effect for calendar year 2020 the Rate Schedule T-3 Billing Demand Volumes would have decreased 12,033 Dths from 57,089 Dths to 45,056 Dths. The T-3 Demand Revenue would have decreased \$79,757 from \$375,384 to \$295,630. The monthly and annual impact on the Billing Demand Volumes and revenue for each month of 2020 are shown on CA-2-008a Attachment.

*Witness:* Archie Hickerson  
Director, Rates & Tariffs  
Southern Company Gas

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-009**    Source & Support. Provide a copy of the supporting schedules to the Company's ARM Model that have not been previously requested:

**CGC RESPONSE:**

In addition to supporting schedules and documentation to be filed in accordance with the Settlement Agreement in Docket 19-00047, the Company has provided supplemental supporting workpapers and documentation in Schedule 35.

Additionally, the Company has provided support for the "Adjustments to 100%" formulas on Schedule 27 through the response to discovery request CA-2-018.

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

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-010** Define/Identify. Provide a list of all known errors in the Company's ARM Model.

**CGC RESPONSE:**

All known errors in the Company's ARM model have been provided by the Company in the following data request responses:

- I. In the Company's response to the Consumer Advocate's Discovery Request CA-1-005 the Company provided revisions to Schedule 14 and 14.1.
- II. In the Company's response to the Consumer Advocate's Discovery Request CA-1-009 the Company provided revisions to Schedule 15 and 15.1.
- III. In the Company's response to the Consumer Advocate's Discovery Requests CA-2-004 the Company identified revisions to its protected and unprotected EDIT calculations.
- IV. In the Company's response to the Consumer Advocate's Discovery Request CA-2-005 the Company identified revisions to the ADIT adjustment for pension and OPEB on Schedule 2A1.
- V. In the Company's response to the Consumer Advocate's Discovery Request CA-2-006 the Company identified that an additional adjustment was needed and provided revisions with corrections to Schedule 35.10 Impacts of April 2020 Tornado Event.
- VI. In the Company's response to the Consumer Advocate's Discovery Request CA-2-012 the Company revised the classification of income tax expense which impacted the lead lag calculation.
- VII. In the Company's response to the Consumer Advocate's Discovery Request CA-2-016 the Company provided revisions with corrections to the Company's response to CA-1-009.

- VIII. In the Company's response to Consumer Advocate's Discovery Request CA-2-018 the Company provided revisions to the Incentive Compensation Adjustments on Schedule 27.
- IX. In the Company's response to Consumer Advocate's Discovery Request CA-2-020, the Company removed certain legal cost from the Company's cost of service.
- X. In the Company's response to Consumer Advocate's Discovery Request CA-2-023, the Company removed certain allocated costs from the Company's cost of service.

All revision will be detailed in the rebuttal testimony and supporting exhibits of Mr. Tucker and Mr. Hickerson.

*Witness:* Archie Hickerson  
Director, Rates & Tariffs  
Southern Company Gas

Gary Tucker  
Manager, Regulatory Reporting  
Southern Company Gas



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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-011** Refer to the Company's Response to Consumer Advocate DR No. 1-1. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 2A1" in the Company's filing, provide the following information:
- a. Define/Identify. Define and explain the term "Topside/SUD-Manual Entries" as noted in the Company's Response to Consumer Advocate DR No. 1-1b.
  - b. Source & Support. Provide a copy of the manual journal entries described in the Company's Response to Consumer Advocate DR No. 1-1b.

**CGC RESPONSE:**

- a. A topside or schedule of unadjusted differences (SUD) manual journal entry is an adjustment made for the period that is outside of the normal accounting month end close process. Generally, a topside or SUD entry is recorded to the general ledger due to corrections and/or late receipt of journal entry support (i.e. late invoices, pension letter, etc.). These entries are reviewed at the corporate accounting level. The Topside/SUD-Manual Entry as shown on Schedule 2A1 was a topside/manual CWIP accrual that was inadvertently recorded to a Non-Utility CWIP accrual account. Because the accrual was being recorded manually as a topside adjustment, it should have posted to account 100123. Account 100123 is used to accrue costs that has 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.

Please note that topside entries, as discussed above, reverse the following month, and are recorded through the normal monthly close process.

- b. A copy of the manual journal entries has been provided in CA-1-011b Attachment.

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

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-012** Refer to the Company's Response to Consumer Advocate DR No. 1-3. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 9" in the Company's filing, provide the following information:
- a. Source & Support. Refer to the spreadsheet attached to the Company's Response to Consumer Advocate DR No. 1-3. Provide the source and support for the "Regulatory Tax Liability" at December 31, 2019 on Line 1 of the attached spreadsheet and specifically note what accounts these regulatory liability amounts tie to in the Company's balance sheet from Schedule 21.2; and
  - b. Source & Support. Refer to the spreadsheet attached to the Company's Response to Consumer Advocate DR No. 1-3. Provide the source and support for the state and federal amortization shown on Lines 8 and 9 of the attached spreadsheet and specifically note what accounts these amounts tie to in the Company's income statement from Schedule 19

**CGC RESPONSE:**

- a. The regulatory tax liability on line 1 included in CA-1-003(b) Attachment is comprised of three regulatory tax items that existed prior to the Tax Cuts and Jobs Act (TCJA). The first amount is \$578,291 of the unamortized regulatory tax asset resulting from the implementation of FAS 109 in 1993 which is being amortized through 2026. The second amount of \$(2,320,307) is a regulatory tax liability related to a correction of deferred income taxes in 2005 resulting from a deferred income tax reconciliation study. This regulatory tax liability is being amortized through 2034. The third amount of \$16,538 is a regulatory tax asset for the change in the state of Tennessee tax rate from 6% to 6.5% in 2002 which is being amortized through 2032. Tabs 2 through 4 of CA-2-012a Attachment provide summary amortization schedules for each of the amounts.

The regulatory tax liability amounts including both prior to TCJA and TCJA are included in account 259999 Regulatory Tax Liability. Line numbers 4 through 23 of CA-2-012a Attachment provide a reconciliation to the account as of 12-31-2019.

- b. The tax amortization amounts for the state component is included in account 427530 Deferred SIT - Other and the federal component is included in account 427510 Deferred FIT Other. The final income tax column of CA 2-012b Attachment in the summary tab provides the final income tax expense amounts for 2020. The second tab provides the details of the income tax expense. Rows 55 and 56 of the details expense tab provides the state amortization and rows 21 and 22 provides the federal amortization.

Please note that the amounts included in Schedule 19 for income tax expense did not include the final reclassification adjustments between tax expense accounts resulting from year end close. The amounts do not affect total tax expense but were a reclassification among accounts.

As a result of the reclassifications, the breakout of current and deferred income tax expense used in the lead lag calculation was impacted. The impact of using the final reclassified current and deferred income taxes decreases the overall ARM rate adjustment by approximately \$6,400.

This correction will be reflected in the rebuttal testimony and associated exhibits of Gary Tucker.

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

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-013** Refer to the Company's Response to Consumer Advocate DR No. 1-4. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 14" in the Company's filing, provide the following information:
- a. Source & Support/Missing Information. Provide a copy of the letter and any other information provided to the Commission Staff regarding the Company's proposed 1.40% depreciation rate for Account 367.10-Transmission Mains as noted in the Company's Response to Consumer Advocate DR No. 1-4b.

**CGC RESPONSE:**

See CA-2-013a Attachment, which is the December 4, 2020 letter to Mr. David Foster from Mr. Archie Hickerson.

*Witness:* Archie Hickerson  
Director, Rates & Tariffs  
Southern Company Gas

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-014** Refer to the Company's Response to Consumer Advocate DR No. 1-5. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 14.1" in the Company's filing, provide the following information:
- a. Define/Identify. Provide a copy of the journal entries made to correct the Powerplan subledger as noted in the Company's Response to Consumer Advocate DR No. 1-5b.

**CGC RESPONSE:**

The \$671K adjustment to Utility Plant in Service in September of 2020 is a manual topside adjustment made in the general ledger (GL) to move an asset to the appropriate business units until corrected in the PowerPlan subledger. The asset was placed in service at AGL Services Company (GL29) but should have been apportioned out to each LDC. The accrual was reversed, and the correction was made in the PowerPlan subledger the following month. See CA-02-014a Attachment A for the September accrual and October reversing entry.

The \$47K adjustment to Utility Plant in Service in March of 2020 is a manual adjustment to the property subledger, Schedule 14.1, such that it would tie to the GL. In March, retirements were recorded to the Subledger that did not post to the GL due to an incorrect accounting field. The retirement entry was subsequently recorded to the GL in May. Please see CA-2-014a Attachment B for the May entry recording the retirement to the GL.

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

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-015** Refer to the Company's Response to Consumer Advocate DR No. 1-8. Specifically, file <Revised Schedule 21 for CGC Tucker GT-1 (ARM Model)>, Tab "Schedule 15" in the Company's filing, provide the following information:

- a. Source & Support/Missing Information. Refer to the attached spreadsheet provided in the Company's Response to Consumer Advocate DR No. 1-8. This spreadsheet appears to reference data from other spreadsheet and, also, appears to utilize formulas from multiple locations in these other spreadsheets. Provide the spreadsheets referenced by these formulas along with any data that supports their calculation; and
- b. Source & Support. The purpose of the data included in the spreadsheet attached to the Company's Response to Consumer Advocate DR No. 1-8 was to identify the source and support for the determinants used in the Company's calculation of Margin Revenue Summary by Charge Type on Schedule 15. However, the support for some of these determinants appear to be missing in the Company's response. Provide the source and support for the following billing determinants used on Schedule 15.
  - Capacity Billing Units for the T-1 Rate Schedule
  - Capacity Units for the F-1/T-2+T-1 Rate Schedule
  - Billing Units for the R-4 Rate Schedule
  - Billing Units for the R-4 Rate Schedule

**CGC RESPONSE:**

The sources of data for Schedule 15 are the Company's billing and accounting systems. See CA-02-015a Attachment. The information on Schedule 15 is on the tab "Margin Review" with links to the data extracted from the billing and accounting systems.

*Witness:* Archie Hickerson  
Director, Rates and Tariffs  
Southern Company Gas

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-016** Refer to the Company's Response to Consumer Advocate DR No. 1-9. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 15.1" in the Company's filing, provide the following information:
- a. Reconciliation. Reconcile the monthly Special Contract usage reported in Attachment 9g-A, with the usage reported on Schedule 15.1 and indicate which transportation volumes are correct for which month. Specifically, we note that the volumes reported on Attachment A appear to be lagged by one month from those reported on Schedule 15.1; and
  - b. Corrected/Updated Information. Refer to Row 40 of the spreadsheet included with Consumer Advocate DR No. 1-9, Attachment A regarding monthly customer charges revenues for Rate Schedule R-4 from February 2020 through December 2020. It appears that the Company has mistakenly altered the previous formula for these revenues from its original filing. Please provide a corrected spreadsheet. Also, note that this error cascades into the uncollectible expense adjustment.

**CGC RESPONSE:**

- a. The Special Contract Customer is manually billed and has a one-month lag. For example, the gas delivered during January 2020 as shown on CA-1-009g Attachment A CONFIDENTIAL, was billed, and recorded in February 2020 as shown on Schedule 15.1.
- b. See corrected spreadsheet, CA-2-016b Attachment, reflecting revisions to CA-009a Attachment A. The Customer Charge Revenue for February-December 2020 in Row 40 was incorrectly replaced when Consumer Advocate DR No. 1-009a, Attachment A was prepared. In addition, as requested in CA-3-001, the current tariff rates on Schedule 15.1 have been reviewed and corrected. The corrections result in a \$30,388 increase of the impact on revenues of annualizing the 10/1/2020 rate increase. The correction also results in a \$13,154 increase in

the Uncollectible Expense as shown in Cell S429 of CA-2-016b Attachment. Since uncollectible included in the Rate Reset is the average of the uncollectible expense for the Historic Base Period and the previous 4 years as provided on Schedule 28, the uncollectible expense on Schedule 15.1 has no impact on uncollectible expense included in the rate reset.

*Witness:* Archie Hickerson  
Director, Rates and Tariffs  
Southern Company Gas



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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-017** Refer to the Company's Response to Consumer Advocate DR No. 1-12. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 16.4" in the Company's filing and provide the following information:

- a. Source & Support. Refer to the monthly reports referenced in the Company's Response to Consumer Advocate DR No. 1-12a. Provide a copy of these monthly reports to include in the record in this Docket.

**CGC RESPONSE:**

Chattanooga Gas Company objects to this request as unduly burdensome, redundant, and unnecessary. The Consumer Advocate has or should have copies of the Chattanooga Gas Company monthly reports to the Tennessee Public Utility Commission requested by this discovery, since copies are provided to the Consumer Advocate at the time that the reports are provided to the Commission Staff. If the Consumer Advocate wishes to file and include these reports in the record of this Docket, Chattanooga Gas Company does not object to the Consumer Advocate making such a filing. Since these reports are filed with the Commission in compliance with Commission Administrative Rule 1220-04-01-.01, the Commission can take Judicial Notice of these reports as they are official documents of the Commission. The Consumer Advocate may utilize and rely upon such official documents, and it is not necessary that the reports be provided and additionally filed in this Docket since the generation of such reports would be duplicative and time consuming.

Objection provided by Counsel.

*Witness:* Archie Hickerson  
Director, Rates and Tariffs  
Southern Company Gas

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-018** Refer to the Company's Response to Consumer Advocate DR No. 1-21. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 27" in the Company's filing, 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 Schedule 27.
  - b. Source & Support. Provide the source and support for the 170% factor embedded within the "Adjustment to 100%" formula for Chattanooga Gas Company on Row 45 of Schedule 27; and
  - c. Source & Support. Provide the source and support for the 176% factor embedded within the "Adjustment to 100%" formula for Chattanooga Gas Company on Row 72 of Schedule 27.

**CGC RESPONSE:**

See CA-2-018a Attachment for the requested information.

In preparing this response, it was determined that the factor used to adjust allocated Southern Company Services AIP (also referred to as PPP) of 176% was incorrect. The correct adjustment factor for SCS is 173% as presented in CA-2-018 Attachment. Making this correction increases the overall ARM rate adjustment by approximately \$2,400.

This correction will be reflected in the rebuttal testimony and associated exhibits of Gary Tucker.

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

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-019** Refer to the Company's Response to Consumer Advocate DR No. 1-22. Specifically, file <CGC Tucker Exhibit GT-1 (ARM Model)>, Tab "Schedule 28" in the Company's filing, provide the following information:

- a. Rationale/Explanation. Refer to the Company's Response to Consumer Advocate DR No. 1-22k regarding Customer Deposits. Explain the Company's rationale for segregating Customer Deposits between over six months and under six months.

**CGC RESPONSE:**

CGC's current tariff provisions regarding interest on customer deposits has not been updated in many years and does not reflect current industry practices or market conditions. CGC's proposed language is similar to the Commission approved language of another natural gas utility which also uses a six-month break point to determine when interest would accrue. The proposed Tariff revisions provided in the testimony and exhibits of Mr. Archie Hickerson state:

*"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."*

CGC believes that reliance on the prime bank lending rate and six-month minimum period is more reflective of what a customer might otherwise obtain from the market if not held by the Company. Thus, the company has segregated the balance between deposits held for a period of less than six (6) months, and deposits held for a period of more than six (6) months.

Witness: Archie Hickerson  
Director, Rates and Tariffs  
Southern Company Gas

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-020** Rationale/Explanation. The Company's Response to Consumer Advocate DR No. 1-28 included a charge of \$21,364 to Troutman Pepper Hamilton Sanders LLP for services identified as "Project Development Renewable Natural Gas". Provide a comprehensive explanation supporting the necessity for such costs in the provision of retail natural gas service.

**CGC RESPONSE:**

The Company has determined that the legal expense for Troutman Pepper Hamilton Sanders LLP of \$21,364 should not be included for recovery in the Annual Review Mechanism. An adjustment will be made to remove this expense from both the Company's calculation of the deficiency and rate reset.

This correction will be reflected in the rebuttal testimony and associated exhibits of Gary Tucker.

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

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

Consumer Advocate's Second Set of Discovery Requests

- CA-2-021** Refer to the Company's Response to Consumer Advocate DR No. 1-25(b) regarding allocated call center costs. Specifically refer to the Company's attachment to the Discovery Response <CA-1-025b Attachment.xlsx> Tab "GL 29 Dept Summ" and provide answers to the following:
- a. Confirmation. Confirm and provide documentation that '670590 AIP Bonus' for this department is being adjusted in accordance with the Commission's order in TPUC Docket No. 18-00017 in this filing.
  - b. Comparison/Source & Support. Regarding "670459 Pension – Distributed" provide a compressive description of this account and how it differs from account "670450 – Pensions"; additionally, provide documentation that these pension expenses are based upon assignment of cash pensions contributions (if applicable).

**CGC RESPONSE:**

- a. The Company can confirm that it has adjusted the allocated incentive compensation in accordance with the Commission's order, Docket 18-00017. Please note, the allocated incentive compensation adjustment is not made at the department level since this was not the approach/methodology approved by the Commission. The approved adjustment is made based on the aggregate incentive compensation recorded at AGSC. See line 24 on Schedule 27 contained with Exhibit GT-1 for the AGSC Incentive Compensation Adjustment and line 40 for the SCS Incentive Compensation Adjustment.
- b. Account 670450 is total AGSC pension cost based on actuarial estimates recorded to one department, 1426 AGSC HR benefits – GL29. Account 670503 - Other Post Retirement Benefits are also record to department 1426 AGSC HR benefits – GL29. Costs from both of these accounts are then allocated across AGSC departments to account 670459. The entry for this allocation across AGSC departments is a credit to account 670490 - Pension Benefits Offset and a debit to account 670459 – Pension Distributed. See CA-2-021b Attachment for an example of December 2020 allocations by departments for the accounts noted above. Please note that the Company has adjusted the pension costs for AGSC in accordance with the Commission's order in Docket 18-00017 to reflect recovery of these costs based on cash contributions to the AGSC pension fund.

Since the response to CA-1-025b Attachment is based on the service provider, it contains department specific pension costs; therefore, account 670450 is not presented in the attachment.

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

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-022** Define/Identify. Refer to Company Subaccount 670120 Civic Participation-Other with a year ending balance \$64,986. Provide a comprehensive breakdown of these expenditures along with the activities and event performed:

**CGC RESPONSE:**

CGC objects to this request as it is not reasonably calculated to lead to the discovery of admissible evidence because all civic participation costs, direct and allocated, are removed for ratemaking purposes as shown on Schedule 26, and in detail on Schedule 26.1 in Exhibit GT-1. Without waiving this objection, CGC states as follows:

In the Company's Subaccount 670120 Civic Participation-Other the YE activity is \$26,155 as shown on Schedule 19. The account is used to record the Company's corporate giving. In 2020 the Company gifted approximately \$13K to The Caring Place and approximately \$13K to the Chattanooga Area Food Bank.

In the Company's Subaccount 670122 Civic Participation-Commun Dev the YE activity is \$64,986. The account is used to record the Company's corporate giving and community engagement. A list of charities/events has been provided below.

Supplier	Description of Service	Total
AMERICAN CANCER SOCIETY	Relay for Life of Bradley County/Reindeer Run	200.00
CHATTANOOGA AREA FOOD BANK INC	Holiday Food Drive - Energy to Give	2,000.00
CHATTANOOGA CHAMBER FOUNDATION	Corporate Giving	10,000.00
CHATTANOOGA CHURCH MINISTRIES INC	Community Kitchen Support	2,000.00
CITY FIELDS	Energy Assistance	15,000.00
COMMUNITY FOUNDATION OF GREATER CHATT	Technology Fund	10,000.00
OPERATION WARM INC	Operation Jackets	2,200.00
RONALD MCDONALD HOUSE CHARITIES OF	Autumn Children's Festival	2,500.00
UNITED WAY OF OCOEE	Corporate Giving	23,000.00
Accruals/Adjustments		(1,914.34)
<b>Grand Total</b>		<b>64,985.66</b>

Objections by Counsel.

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

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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-023** Define/Identify. Refer to file <CGC Tucker Exhibit GT-1 (ARM Model).xlsx>, Schedule 19. Specifically, refer to subaccount "671421 Allocated Ext Relations – Corp" and provide a list, amount, and description of services performed for each vendor who had costs assigned to this account in 2020.

**CGC RESPONSE:**

See CA-2-023a Attachment for the requested information.

As identified in CA-2-023a Attachment, there are five charges that were allocated through account 671421 which should not have been allocated down to Chattanooga Gas Company. These charges will be removed from the calculation of the ARM deficiency and rate reset. The resulting impact of this correction is a reduction in allocated cost by \$319. Making this correction decreases the overall ARM rate adjustment by approximately \$700.

This correction will be reflected in the rebuttal testimony and associated exhibits of Gary Tucker.

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



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

Consumer Advocate's Second Set of Discovery Requests

**CA-2-024**    Define/Identify. Refer to <CGC Tucker Exhibit GT-1 (ARM Model).xlsx>, Tab "Schedule 19". Specifically, refer to subaccount '671429 Allocated Other Corporate' and provide the general ledger detail supporting these charges.

**RESPONSE:**

Please see CA-2-024a Attachment.

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

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

Consumer Advocate's Second Set of Discovery Requests

**CA-3-001** Refer to Rows 14 and 16 of Schedule 15.1 from the <CGC Tucker Exhibit GT-1 (ARM Model)> related to the residential rates that were implemented in October 2020 from Docket No. 20-00049. We are having difficulty reconciling the October 2020 rates on Schedule 15.1 with the tariff pages filed by the Company on September 23, 2020, and October 1, 2020, in Docket No. 20-00049. For example, the R-1 Winter Customer Charge per Schedule 15.1 is \$19.30 while the Winter Customer Charge per the Company's tariff is \$19.40. Also, the R-1 volumetric rate per therm on Schedule 15.1 is \$0.13193 while the volumetric rate per therm per the Company's tariff is \$0.13203. Further analyses reveals that this same tariff rate mismatch exists for multiple rates on Schedule 15.1. Therefore, reconcile the rates on Schedule 15.1 with the Company's Commission approved tariff rates and provide either an explanation for why this rate mismatch is appropriate or provide an updated filing reflecting the appropriate tariff rates.

**CGC RESPONSE:**

See the response to CA-2-016b Attachment, revisions to CA-1-009a Attachment A that is corrected with the current tariff rates.

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

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

Consumer Advocate's Second Set of Discovery Requests

**CA-3-002** Refer to the Company's response to CA1-2 regarding the revenue deficiency recognized by the Commission in Docket No. 20-00049. The Company's response states in part that "In the 2019 ARM filing, Docket 20-00049, the Commission approved recovery of a 2019 deficiency of \$3,962,204." However, on Pages 5 and 6 of the Commission's October 27, 2020 Order in Docket No. 20-00049, it states "Therefore, the panel voted unanimously to approve \$4,758,576 for the Company's revenue deficiency and rate reset as set forth in Gary Tucker's Rebuttal Exhibit GT-4. Provide a reconciliation between the \$3,962,204 revenue deficiency as stated in the Company's response to CA1-2 with the \$4,758,576 revenue deficiency included in the Commission's October 27, 2020 Order in Docket No. 20-00049.

**CGC RESPONSE:**

Please see the CGC response to CA-2-002c.

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

Respectfully submitted,



---

J. W. Luna, Esq. (Tenn. No. 5780)  
Butler Snow LLP  
150 3rd Avenue South, Suite 1600  
Nashville, TN 37201  
Telephone: (615) 651-6749  
[JW.Luna@butlersnow.com](mailto:JW.Luna@butlersnow.com)

and

Floyd R. Self, Esq. (Fla. Bar No. 608025)  
Berger Singerman LLP  
313 North Monroe Street, Suite 301  
Tallahassee, Florida 32301  
Direct Telephone: (850) 521-6727  
Email: [fself@bergersingerman.com](mailto:fself@bergersingerman.com)

*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 7<sup>th</sup> day of June, 2021:

KAREN H. STACHOWSKI, ESQ. (BPR #019607)  
RACHEL BOWEN, ESQ.  
Counsel to the Consumer Advocate Unit  
Office of the Tennessee Attorney General  
Financial Division, Consumer Advocate Unit  
P.O. Box 20207  
Nashville, Tennessee 37202-0207  
Phone: (615) 741-8733  
Fax: (615) 741-1026  
Email: [karen.stachowski@ag.tn.gov](mailto:karen.stachowski@ag.tn.gov)  
Email: [rachel.bowen@ag.tn.gov](mailto:rachel.bowen@ag.tn.gov)

