

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

IN RE:)	
)	
CHATTANOOGA GAS COMPANY'S)	
PETITION FOR APPROVAL OF ITS)	DOCKET NO. 22-00032
2021 ANNUAL RATE REVIEW)	
FILING PURSUANT TO)	
TENN. CODE ANN. § 65-5-103(d)(6))	

**CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
TO CHATTANOOGA GAS COMPANY**

This Second Set of Discovery Requests is hereby served upon Chattanooga Gas Company, Inc. ("CGC" or "Company"), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Unit in the Financial Division of the Office of the Attorney General ("Consumer Advocate") requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Financial Division, Consumer Advocate Unit, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Karen H. Stachowski on or before Tuesday, June 7, 2022, at 2:00 p.m. CST.

PRELIMINARY MATTERS AND DEFINITIONS

These Additional Discovery Requests incorporate by reference the same Preliminary Matters and Definitions as set forth in the Consumer Advocate's First Discovery Request to Chattanooga Gas Company sent to the Company on May 7, 2022, are to be considered continuing

in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

SECOND SET OF DISCOVERY REQUESTS

2-1. Rationale/Explanation. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx >, Tab “Schedule 25.1”. Provide a narrative discussion for the Company’s inclusion of accounts 670537 and 670538 in the Total Pension Expense allocated from the Service Company for 2021 since these accounts were not previously included in the ARM model.

RESPONSE:

2-2. Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx >, Tab “Schedule 25.2”. Specifically, refer to Cell E10 which contains the \$1,342,212 Net Cash Contributions allocated to CGC. The footnote to this cell states that this amount, as well as the amortization period, was approved by the Commission in TPUC Docket No. 20-00049. Provide the support for this amount and the amortization period that was approved by the Commission.

RESPONSE:

2-3. Rationale/Explanation. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 25.3”. Specifically, refer to Row 22 of this spreadsheet which contains 670539 – Other Post Ret Non-Svc (AGSC). Provide a narrative discussion for the Company’s inclusion of account 670539 – Other Post Ret Non-Svc (AGSC) within the total charges allocated from AGSC for 2021 since these accounts were not previously included in the ARM model.

RESPONSE:

2-4. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab

“Schedule 27” and provide the following information:

- a. Source & Support/Hard-coded data. Provide the source and support for the 174% factor embedded into the formulas in Row 16 for Chattanooga Gas Company;
- b. Source & Support/Hard-coded data. Provide the source and support for the 174% factor embedded into the formulas in Row 45 for AGSC;
- c. Source & Support/Hard-coded data. Provide the source and support for the 179% factor embedded into the formulas in Row 72 for SCS; and
- d. Rationale/Explanation. Refer to Footnote F on this schedule regarding the changes in percentages from 50% to 66% for removing incentive compensation. Provide a further narrative explanation for this change along with the source and support for the 66% factor used in the calculation.

RESPONSE:

2-5. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab

“Schedule 28” and provide the following information:

- a. Source & Support/Hard-coded data. Provide the source and support for the Interest on Customer Deposit balance amounts segregated between under/over six months as shown on Rows 62 and 63;
- b. Source & Support/Hard-coded data. Provide the source and support for the Prime Interest Rate of 3.25% as of December 31, 2021, shown on Row 70; and
- c. Rationale/Explanation. Refer to Cell F30 regarding the 2021 Uncollectible Expense of \$279,393. It appears that the Company has included “Account 650200 – Customer Records” within this balance. Explain the addition of this account in this Uncollectible Expense balance since it was not previously included.

RESPONSE:

2-6. Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 28.1”. Specifically, refer to Columns K through T of this spreadsheet that provide the individual normalization adjustments used

by the Company. Provide the source and support for each of these individual normalization adjustments that have been included here as hard-coded amounts.

RESPONSE:

2-7. Refer to File <Schedule 35.5 EDIT Bal Act Workpapers.xlsx>, Tab “EDIT Summary” and provide the following information:

- a. Rationale/Explanation. Refer to Cell I9 showing a \$0 balance for the “Federal Basis Difference EDIT”. Confirm that this amount is correct and explain why the 2021 formula does not follow the 2020 formula for this same account; and
- b. Rationale/Explanation. Refer to Cell I10 showing a \$0 balance for the “Offset Basis Difference EDIT”. Confirm that this amount is correct and explain why the 2021 formula does not follow the 2020 formula for this same account.

RESPONSE:

2-8. Refer to File <Schedule 35.7 ADIT Workpaper (2021).xlsx> and provide the following information:

- a. Corrected/Updated Information. Provide a copy of this spreadsheet with all formulas intact for subtotals and totals for all spreadsheet tabs, including links between the federal and state tabs to the summary tab; and
- b. Rationale/Explanation. Indicate what other Schedules in the ARM model rely on the amounts included in this Schedule.

RESPONSE:

2-9. Confirmation/Explanation. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 17”. Specifically, refer to Cells A105 to V123 which present the billing determinants, current & proposed rates, and current & proposed revenues for the F-1/T-2+T-1 Rate Schedule. Confirm that the historical billing determinants for Kordsa, Inc. have been removed from this data.

RESPONSE:

- 2-10.** Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 17.1”. Specifically, refer to Cell O20 which contains the Normalized Historic Period Revenue for Special Contract Customers and provide the following information:
- a. Confirmation/Explanation. Confirm that this revenue amount only includes Special Contract revenue from Kordsa, Inc. See Schedule 35.14 for supporting details;
 - b. Confirmation/Explanation. Confirm that this amount excludes Special Contract Revenue from Volkswagen Group of America Chattanooga Operations, LLC (“Volkswagen”). See Schedule 35.14 for supporting details;
 - c. Rationale/Explanation. Explain why the Company has chosen to exclude the Special Contract revenues from Volkswagen on Schedule 17.1; and
 - d. Rationale/Explanation. Reconcile the Company’s decision to exclude Special Contract revenues from Volkswagen on Schedule 17.1 with the Company’s response to Consumer Advocate DR No. 1-16 which states, “The normalized special contract revenue in Cell O20 includes the revenue from the previously existing special contract and the new special contract approved in TPUC Docket No. 21-00094”.

RESPONSE:

- 2-11.** Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 2A1”. Specifically, refer to Row 113 which details the monthly balance of the 2020 Deficiency. Provide the source and support for the monthly amounts included here.

RESPONSE:

- 2-12.** Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 2A1”. Specifically, refer to Row 29 which details the monthly balance of the “Topside/SUD – Manual Entry”. Provide the source and support for the monthly amounts included here.

RESPONSE:

2-13. Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 15”. Specifically, refer to Row 419 which details the monthly Miscellaneous Base Revenue. Provide the source and support for the monthly amounts included here.

RESPONSE:

2-14. Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Inputs”. Specifically, refer to Row 89 regarding the Removal of Certain Legal Charges for \$-3,177. Provide the source and support for this amount.

RESPONSE:

2-15. Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 9”. Specifically, refer to Cell I26 which provides the historic “Permanent Differences” of \$15,076 in the Income Tax calculation. Provide the source and support for this amount.

RESPONSE:

2-16. Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 9”. Specifically, refer to Cell I47 which provides the historic Excess Deferred Tax Liability Amortization – Tax Cuts & Jobs Act for \$-1,021,946. Provide the source and support for this amount.

RESPONSE:

2-17. Source & Support/Hard-coded data. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 9”. Specifically, refer to Cell I49 which

provides the historic Acceleration of federal basis adjustment for EDIT Amortization of \$-530,253. Provide the source and support for this amount.

RESPONSE:

2-18. Rationale/Explanation. Refer to the Company's Response to Consumer Advocate DR No.

1-1. This item requested "...a copy of workpapers used to prepare the Company's ARM filing that have not been previously supplied". The Company's reply is non-responsive in that it only identifies the workpapers and schedules that have already been provided. Provide either a statement that all workpapers and schedules used by the Company to prepare the ARM filing have been supplied **or** provide a copy of all schedules and workpapers used by the Company to prepare the ARM that have not been previously supplied.

RESPONSE:

2-19. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab "Schedule 14" regarding the Company's depreciation and amortization calculations and provide the following information:

- a. Source & Support/Updated Information. Refer to Cell J26 regarding the depreciation rate of 1.17% used by the Company for Account 365.20 – Rights-of-Way. Provide the source, support, and authority for the depreciation rate for this specific account. If no such authorization can be found, then provide an updated depreciation calculation;
- b. Source & Support/Updated Information. Refer to Cell J28 regarding the depreciation rate of 1.17% used by the Company for Account 374.00 – Land & Land Rights. Provide the source, support, and authority for the depreciation rate for this specific account. If no such authorization can be found, then provide an updated depreciation calculation;
- c. Corrected/Updated Information. Refer to Cell J32 regarding the depreciation rate of 1.951938278827010% used by the Company for Account 376.00 – Mains. The depreciation rate used by the Company extends beyond the 4-digit

- rate (1.95%) authorized by the Commission. Provide an updated depreciation calculation that reflects the authorized depreciation rate for this account;
- d. Corrected/Updated Information. Refer to Cell J36 regarding the depreciation rate of 2.922320432380418% used by the Company for Account 380.00 – Services. The depreciation rate used by the Company extends beyond the 4-digit rate (2.92%) authorized by the Commission. Provide an updated depreciation calculation that reflects the authorized depreciation rate for this account;
 - e. Corrected/Updated Information. Refer to Cell J40 regarding the depreciation rate of 1.728006793946520% used by the Company for Account 383.00 – House Regulators. The depreciation rate used by the Company extends beyond the 4-digit rate (1.73%) authorized by the Commission. Provide an updated depreciation calculation that reflects the authorized depreciation rate for this account; and
 - f. Corrected/Updated Information. Refer to Cell J52 regarding the depreciation rate of 16.12% used by the Company for Account 392.00 – Transportation Equipment. It appears that the Company has used the depreciation rate for Account 392.10 – Autos & Light Trucks instead of the 12.22% authorized for Account 392.00. Provide an updated depreciation calculation that reflects the authorized depreciation rate for this account.

RESPONSE:

- 2-20.** Corrected/Updated Information. Refer to the Company’s response to Consumer Advocate DR No. 1-7 regarding billing determinants (bills, volumes by billing step, capacity, and demand). The Company’s response refers to the Attachment included with Consumer Advocate DR No. 1-8. However, this attachment does not appear to include volumes by billing step. Provide the billing volumes by billing step for each month of 2021 for all rate schedules with multiple billing steps.

RESPONSE:

- 2-21.** Provide a forecasted bill analysis for the primary residential and small commercial classes comparing 2020, 2021, 2022 and the twelve-month period ending September 2023 under the following assumptions:

- a. Assume the average usage per customer for each customer class;
- b. Assume the full request of CGC is approved in this proceeding; and
- c. Forecast gas costs based upon current and forecasted market conditions.

RESPONSE:

2-22. Refer to File <Schedule 39.1 - Outside Legal Services.xlsx>, Lines 3, 20. Provide the following:

- a. Support/Documentation. Support detailing the legal expenses for TPUC Docket No. 20-00139 (invoices, redacted work logs, etc.) amounting to \$113,639;
- b. Clarification/Updated Information. Is the Company and its shareholders paying for part of the legal expenses for TPUC Docket No. 20-00139? If so, provide the amount; and
- c. Rationale/Explanation. If the response to b. above is “no”, provide explanation of why the Company should recover its legal expenses from its customers for the Company to litigate that it should keep the 50/50 revenue sharing incentive rather than a split of 25% for the Company and 75% for consumers.

RESPONSE:

2-23. Refer to File <Schedule 39.1 - Outside Legal Services.xlsx>, Lines 8, 27. Provide the following:

- a. Support/Documentation. Support detailing the legal expenses for TPUC Docket No. 21-00094 (invoices, redacted work logs, etc.) amounting to \$86,373;
- b. Clarification/Updated Information. Is the Company and, its shareholders paying for part of the legal expenses for TPUC Docket No. 21-00094? If so, provide the amount;
- c. Clarification/Updated Information. Is Kordsa, Inc. paying for part of the legal expenses for TPUC Docket No. 21-00094? If so, provide the amount; and
- d. Rationale/Explanation. If the response to b. above is “no”, provide a narrative explanation of why the Company should socialize the legal expenses associated with a special contract customer rather than have the special contract customer, itself, pay for those expenses.

RESPONSE:

2-24. Refer to File <Schedule 39.1 - Outside Legal Services.xlsx>, Lines 4, 21. Provide the following:

- a. Support/Documentation. Support detailing the legal expenses for TPUC Docket No. 21-00018 (invoices, redacted work logs, etc.) amounting to \$53,745;
- b. Clarification/Updated Information. Is the Company and its shareholders paying for part of the legal expenses for TPUC Docket No. 21-00018? If so, provide the amount; and
- c. Rationale/Explanation. If the response to b. above is “no”, provide a narrative explanation of why its customers alone, should pay for the Company’s comments related to the Commission’s rulemaking on practice and procedure, Tenn. Code Ann. §§ 122-01-01 and 1200-01-02.

RESPONSE:

2-25. Refer to File <Schedule 39.1 - Outside Legal Services.xlsx>, Line 15. Provide the following:

- a. Support/Documentation. Support detailing the legal expenses for TPUC Docket No. 20-00025 (invoices, redacted work logs, etc.) amounting to \$6,646;
- b. Clarification/Updated Information. Is the Company and its shareholders paying for part of the legal expenses for TPUC Docket No. 20-00025? If so, provide the amount; and
- c. Rationale/Explanation. If the response to b. above is “no”, provide a narrative explanation of why its customers alone, should pay for the Company’s comments related to the Commission’s rulemaking on for the evaluation of public utility acquisitions.

RESPONSE:

2-26. Refer to File <Schedule 39.1 - Outside Legal Services.xlsx>, Line 12. Provide the following:

- a. Support/Documentation. Support detailing the legal expenses for “General Regulatory/Legislative Impacts” (invoices, redacted work logs, etc.) amounting to \$21,649;

- b. Clarification/Updated Information. Is the Company and its shareholders paying for part of the legal expenses for “General Regulatory/Legislative Impacts”? If so, provide the amount; and
- c. Rationale/Explanation. If the response to b. above is “no”, provide a narrative explanation of why its customers alone, should pay for “General Regulatory/Legislative Impacts”.

RESPONSE:

2-27. Refer to File <Schedule 39.1 - Outside Legal Services.xlsx>, Line 35. Provide the following:

- a. Define/Explanation. A general description of the type of legal work that falls within the category of “Regulatory Gen Regulatory-CGC”;
- b. Support/Documentation. Support detailing the legal expenses for “Regulatory Gen Regulatory-CGC” (invoices, redacted work logs, etc.);
- c. Clarification/Updated Information. Is the Company and its shareholders paying for part of the legal expenses for “Regulatory Gen Regulatory-CGC”? If so, provide the amount; and
- d. Rationale/Explanation. If the response to b. above is “no,” provide a narrative explanation of why its customers alone, should pay for “Regulatory Gen Regulatory-CGC”.

RESPONSE:

2-28. Refer to File <Schedule 39.1 - Outside Legal Services.xlsx>, Line 35. Provide the following:

- a. Define/Explanation. A general description of the type of legal work that falls within the category of “Regulatory FERC counseling and Administration”;
- b. Support/Documentation. Support detailing the legal expenses for “Regulatory FERC counseling and Administration” (invoices, redacted work logs, etc.);
- c. Clarification/Updated Information. Is the Company and its shareholders paying for part of the legal expenses for “Regulatory FERC counseling and Administration”? If so, provide the amount; and
- d. Rationale/Explanation. If the response to b. above is “no”, provide a narrative of why its customers alone, should pay for “Regulatory FERC counseling and Administration”.

RESPONSE:

2-29. Refer to File <CGC Weems Exhibit TW-1 (ARM Model and Schedules).xlsx>, Tab “Schedule 17.1” Line 10. This exhibit shows a 5% cap on a “Special Contract Subject to increase”.

- a. Explanation/Support. Explain the source of the 5% cap on a “Special Contract Subject to increase”. Provide copies of documents supporting the Company’s explanation;
- b. Explanation/Support. Has the Commission approved a 5% cap on a “Special Contract Subject to increase”? If yes, provide a copy of the Commission’s approval;
- c. Explanation/Support. Does the amount of \$192,228 include a rate increase for both special contracts – Kordsa, Inc. and Volkswagen; and
- d. Explanation/Support. Identification. If the answer to c. above is “no”, identify the special contract which will not be subject to an increase under the Company’s proposal. Provide a narrative explanation why only one special contract being subject to an increase under the Company’s proposal. Provide all documents supporting the Company’s explanation.

RESPONSE:

2-30. 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 672551 Allocated Executive-Corp-SCS:**

Subaccount #672551	
Allocated Executive-Corp-SCS	
Year Ending	Amount
2016	\$12,266
2017	\$29,418
2018	\$70,257
2019	\$108,227
2020	\$113,253
2021	\$135,752

- i. Rationale/Explanation: Provide a comprehensive explanation for the increased charges to this account; and
- ii. Define/Identify. To the extent there are any non-labor charges recorded to this account, provide the general ledger information supporting these non-labor charges.

b. Account 671429 Allocated Other Corp:

Subaccount #671429	
Allocated Other Corp	
Year Ending	Amount
2016	\$24,980
2017	\$16,885
2018	\$19,489
2019	\$38,509
2020	\$69,524
2021	\$91,302

- i. Rationale/Explanation: Provide a comprehensive explanation for the increased charges to this account; and
- ii. Define/Identify. To the extent there are any non-labor charges recorded to this account, provide the general ledger information supporting these non-labor charges.

RESPONSE:

2-31. Define/Identify. Refer to subaccount 600047 Pay- No Gas AGLC Work. Provide a narrative description of the services performed under this account. Additionally, provide the Company's rational for inclusion of this account.

RESPONSE:

RESPECTFULLY SUBMITTED,



KAREN H. STACHOWSKI (BPR No. 019607)

Senior Assistant Attorney General

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Consumer Advocate's Second Set of Discovery Requests to Chattanooga Gas Company
TPUC Docket No. 22-00032

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail,
with a courtesy copy by electronic mail upon:

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This the 27th day of May 2022.



KAREN H. STACHOWSKI

Senior Assistant Attorney General

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