

# BUTLER | SNOW

June 10, 2022

Chairman Kenneth C. Hill  
ATTN: Ectory Lawless, Docket Clerk  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243

Electronically Filed in TPUC Docket  
Room on June 10, 2022 at 1:13 p.m.

Re: *Chattanooga Gas Company's Petition for Approval of Its 2021 Annual  
Rate Review Filing Pursuant to T.C.A. § 65-5-103(d)(6)*  
Docket No. 22-00032

Dear Chairman Hill:

Enclosed for filing in the above-referenced docket is the Chattanooga Gas Company's Supplemental Response to the Consumer Advocate's Second Discovery Request 2-30 and also a corrected response to Discovery Request 2-27 correcting typographical errors.

Yours truly,

Butler Snow LLP



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JWL/cb  
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**Chattanooga Gas Company**  
**Docket No. 22-00032**  
**Chattanooga Gas Company's 2021 Annual Rate Review**

**Consumer Advocate's Discovery Request, CA DR 2-30**

**Updated June 9, 2022**

**REQUEST 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:**

<b>Subaccount #672551</b>	
<b>Allocated Executive-Corp-SCS</b>	
<b>Year Ending</b>	<b>Amount</b>
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:**

<b>Subaccount #671429</b>	
<b>Allocated Other Corp</b>	
<b>Year Ending</b>	<b>Amount</b>
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.

**CGC RESPONSE (June 3, 2022):**

CGC is still working on the response to this request, which shall be provided as soon as it is available.

**CGC RESPONSE (June 9, 2022):**

- a. After the AGLC Resource/Southern Company transaction in 2016, the Companies began to transition certain functions from AGSC to SCS. The initial impact of the transition was minimal until the full transition of certain service providers to SCS began in 2018. The impact of the transition is detailed in two schedules filed in Docket 20-00049, (1) Schedule 32.1, "CAM Supplemental Schedule, Shared Service Study"; and (2) Schedule 32.1a, the April 2020 PwC Strategy& report, "Shared Services Study Attachment."
- b. Please note that the amounts for this sub-part are for account 671434 - allocated corporate communications as opposed to account 671429 corporate-other. The increase in corporate communications is due to an enhancement of the overall customer and public communications experience. Specific activities include customer communications related to the COVID pandemic, safety initiatives and regulatory activities.

Additionally, please note these charges include dollars in the following AGSC general ledger accounts:

670640	Incentives SCS
670644	Labor SCS
670647	Expense SCS
670649	Benefits SCS
670654	Affiliate Outside Svcs SCS
670657	Outside Services SCS
670658	Payroll Tax SCS

Please note that there is an adjustment in the ARM to remove allocated SCS LTI. This adjustment is done in total, not at the service provider level. Please see Schedule 27 for the SCS LTI adjustment.

c. The charges in Account 671429 Allocated Other Corp include the following departments:

Department Names	Department Description	Examples of Services
1171 Market Strategy – created in 2019	Engage in activities that increase customer value, support, and technology innovations	<ul style="list-style-type: none"> <li>• Paperless Billing</li> <li>• Evaluation of connected home and energy efficient technologies.</li> </ul>
1282 Renewable Natural Gas – established in 2020	The renewable gas organization serves to develop and execute an effective strategy for growing our renewable gas capabilities, including engaging in activities to the benefit of CGC customers.	<ul style="list-style-type: none"> <li>• Developing customer programming opportunities,</li> <li>• Reviewing and influencing renewable gas market activities and policies,</li> <li>• Developing RNG integration solutions, and</li> <li>• Serving as a trusted resource for customers and the region.</li> </ul>
1348 Environmental Services	Environmental Affairs (EA) ensures current and future operations and projects comply with all environmental laws and regulations by providing subject matter experts to support and lead compliance. This includes compliance related to the Clean Air Act, Clean Water Act, Resource Recovery and Conservation Act (RCRA) as well State regulations governed by the Tennessee Department of Environment and Conservation (TDEC) and/or Local environmental agencies. EA also is engaged with Local and State agencies and lawmakers as new environmental laws are proposed in an effort to mitigate potential concerns and/or cost implications to operations. EA is also actively engaged in environmental stewardship activities, community engagement, and identifying opportunities to further mitigate impact to the environment in communities we serve.	<ul style="list-style-type: none"> <li>• Hazardous and regulated waste support (field ops, LNG, system operations, etc)</li> <li>• Air permitting for LNG and RNG operations</li> <li>• Stormwater Pollution Prevention Plans (pipeline work)</li> <li>• Aquatic Resource Alteration Plans and Permit (pipeline work)</li> <li>• Local land disturbance permitting</li> </ul>
1369 Corporate Safety GL29	For Chattanooga Gas Company employees, 1) Administer TOSHA (Tennessee Occupational Safety & Health) compliance standards 2) Support Occupational Safety, Health & Wellbeing, Vehicle/Driving Safety, and Process Safety programs 3) Implement a Safety & Health Management System, including Critical Risk Management and Human Performance programs.	<ul style="list-style-type: none"> <li>• Perform audits and assessments to ensure compliance with TOSHA standards.</li> <li>• Perform Job Site Observations to ensure employees comply with company safety protocols</li> <li>• Train employees of Stop Work Authority and their ability to stop work when hazards are observed</li> <li>• Educate employees to identify top Critical Risk areas in natural gas utility industry</li> <li>• Conduct driving observations and driver coaching to ensure employees comply with TN state and company driving policies.</li> <li>• In the event of a safety incident, conduct an Event Learning or Post Job Review to learn from the event.</li> </ul>

Market Strategy and Renewable Natural Gas are relatively new departments and drive most of the recent cost increases.

These charges include dollars in the following AGSC general ledger accounts:

600119	Vacation Pay Accrual
600120	Pay-A&G Salaries
670100	Office & Administrative
670101	Supplies
670102	Development & Training-Acctg.
670104	Postage
670106	Safety Training&Reg Compliance
670110	Seminars/ Meetings
670127	Uniforms
670140	Fleet Fuel Expense
670148	Operate and Maintain Fleet Eq
670200	Outside Svcs Employed
670201	Outside Svc. -Printing
670459	Pension - Distributed
670461	LTI and Stock P/R Tax Exp
670505	Flex Vacation Deductions
670509	Health - Distributed
670525	Miscellaneous Benefits
670530	Retirement Savings Plus Plan
670590	AIP Bonus
670591	LTI Awards - Other
670594	Other/Sales Bonuses
670601	COVID - Telework Reimbursement
670800	Association and Club Dues-Comp
670805	Association&Club Dues-Employee
670806	General Dues & Subscriptions
670840	Miscellaneous Expense
670855	Travel Expense
670856	Meals and Entertainment

*Witness:* Tiffani Weems  
Supervisor, Regulatory Reporting  
Southern Company Gas

**Chattanooga Gas Company**  
**Docket No. 22-00032**  
**Chattanooga Gas Company's 2021 Annual Rate Review**

**Consumer Advocate's Discovery Request, CA DR 2-27**  
**Corrected June 9, 2022**

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".

**CGC RESPONSE (corrected June 9, 2022):**

- a. CGC objects to this request as overly broad and unduly burdensome, seeking privileged and/or confidential information, and not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, CGC states as follows: As previously agreed to by the Consumer Advocate and approved by the Commission in its Order Approving 2019 ARM filing, issued October 27, 2020, in Docket 20-00049, CGC has provided in Schedule 39 a detailed narrative, docket by docket, of the legal work performed and the associated legal fees for each matter. Even with respect to non-docketed matters, CGC has provided additional breakdowns as to the type of issues worked.
- b. See the Response to (a).
- c. No.
- d. With respect to this work done, it is the same type of work discussed in Response to CA 2-26. See further the Response to CA 2-26.