

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

June 27, 2023

IN RE:)	
)	
CHATTANOOGA GAS COMPANY'S)	
PETITION FOR APPROVAL OF ITS)	DOCKET NO. 23-00029
2022 ANNUAL RATE REVIEW)	
FILING PURSUANT TO)	
TENN. CODE ANN. § 65-5-103(d)(6))	

**CHATTANOOGA GAS COMPANY'S RESPONSES AND OBJECTIONS TO
CONSUMER ADVOCATE'S FIFTH SET OF DISCOVERY REQUESTS**

Chattanooga Gas Company ("CGC" or "Company") files these Responses and Objections to the Fifth Set of Discovery Requests of the Consumer Advocate Division of the Office of the Attorney General ("Consumer Advocate") emailed on June 20, 2023, with responses provided to the Consumer Advocate on June 23, 2023.

I. GENERAL OBJECTIONS

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 Rules of Civil Procedure.

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 items and/or data in its possession, custody or control as required by Tennessee Rules of Civil Procedure.

CGC further objects to these discovery requests to the extent they seek information that is beyond the scope of legitimate discovery in this case or that is subject to any privilege, including the attorney-client privilege and/or attorney work product doctrine. However, without waiving any of these General Objections, the Company will respond to the Consumer Advocate's discovery requests by providing responsive, non-privileged information.

These General Objections are continuing and are incorporated by reference in 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.

Further, CGC is proceeding in the traditional course of providing information that it deems to be confidential pursuant to the terms of the TPUC's Protective Order issued on April 24, 2023, by marking the information as confidential. CGC is acting in good faith reliance on the Consumer Advocate's compliance with the Protective Order.

FIFTH DISCOVERY REQUESTS

See the following pages for each specific discovery response.

Chattanooga Gas Company
Docket No. 23-00029
Chattanooga Gas Company's 2022 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-5

CA 5-01

QUESTION:

Reconciliation. Refer to File <CGC Weems Exhibit TW-1 (Updated 6-02-2023).xlsx>. Specifically refer to Tab "Schedule 14.1" and Tab "Schedule 2A1". Refer also to the Company's response to Consumer Advocate DR No. 4-25 regarding the reconciliation of the difference for plant in service on "Schedule 14.1" and the Company's ledger on "Schedule 2A1" for September 2022, which is presented below:

Schedule	September 2022
Plant in Service per Schedule 2a1	\$394,968,424
Plant in Service per Schedule 14.1	393,816,224
Difference	\$1,152,200

The Company's response to Consumer Advocate DR No. 4-25 appears to be non-responsive in that a reconciliation was requested and the Company only replied that this difference was due to "topside entries". Provide the details for all "topside entries" that are included in the \$1,152,200 difference shown above in order to reconcile these amounts.

RESPONSE:

Please see CA 5-02 Attachment A for the topside for account 10100005 Plant in Service Topside. The topside entries, recorded to the general ledger, are for projects that were placed in service but were not move from account 107 (CWIP) to 101 (PIS).

		FY22 September
10100000	Plant in Service Account	387,544,447
10100005	Plant in Service Topside	1,187,268
10600000	Completed Const not Classified	6,236,709
		394,968,424

Witness: Tiffani Weems
Supervisor, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 23-00029
Chattanooga Gas Company's 2022 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-5

CA 5-02

QUESTION:

Rationale. Refer to File <CGC Weems Exhibit TW-1 (Updated 6-02-2023).xlsx>. Refer also to the Company's response to Consumer Advocate DR No. 4-33 regarding the 2022 component of the normalization adjustment on Tab "Schedule 28" for Group Insurance-Medical for \$490,691 and provide the following information:

- a. Note that the Company's response to Consumer Advocate DR No. 4-33 states in part that "...a decision was made to use prior years [2021] Group Insurance - Medical expense to normalize the costs." Next, refer to Row 12 of Tab "Schedule 7A.3" showing that the 2022 Group Insurance - Medical costs included in this ARM filing for Account 92600360 to be \$912,377. Therefore, it would appear that the Company's use of \$490,691 as a basis for normalization would be inappropriate because the \$912,377 amount has already been included in the ARM O&M expenses. Instead, it would therefore appear that the correct adjustment to normalize Group Insurance-Medical costs would be \$-417,234 as shown below:

Period	Company Calculation	CA Calculation
2022	\$490,691	\$912,377
2021	490,691	490,691
2020	190,375	190,375
2019	718,183	718,183
2018	164,087	164,087
5-Year Average	\$410,805	\$495,143
Less 2022 Amount	490,691	912,377
Normalized Adjustment	\$-79,886	\$-417,234

Explain the rationale for the Company's use of only a \$-79,886 normalization adjustment instead of the \$-417,235 adjustment that reflects the actual 2022 expense already included in the current ARM calculation.

- b. Note that the Company's response to Consumer Advocate DR No. 4-33 states in part that "The normalization adjustment has no impact on the historical test year deficiency or the requested \$6.8 million rate reset based on the voluntary rate cap." Is it not true that any normalization costs, not considered in the current ARM filing, would eventually be considered in the true-up of any under/over-collected costs when the voluntary rate cap expires? Provide a full explanation.

RESPONSE:

CGC responds to both as follows: In the past this normalization adjustment was based on group medical insurance only. Prior to EF there were separate accounts identifying the different components of Health Benefits. With the implementation of EF, the different components have been combined together. As such, the Company will use total health benefits for 2022 and update the prior year amounts to reflect total health benefits for the normalization adjustment. In the table below, the Company has amended the adjustment to incorporate total health benefits for the historic years to produce a more appropriate normalization adjustment. This amendment to the adjustment results in a \$243,126 decrease to the total rate adjustment. Please see CA 5-2 Attachment A for support of the total health benefits for fiscal years 2018-2021.

	Total Health Benefits 5 YR Avg
Historic Base Period	913,853
Previous Year	655,513
2nd Previous Year	294,881
3rd Previous Year	799,811
4th Previous Year	293,889
Average	591,590
Adjusted Historic Base Year	913,853
Adjustment	(322,263)

Witness: Tiffani Weems
Supervisor, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 23-00029
Chattanooga Gas Company's 2022 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-5

CA 5-03

QUESTION:

Rationale. Refer to the Company's responses to Consumer Advocate DR No. 4-21 and Consumer Advocate DR No. 4-35 regarding the reclassification of an acquisition adjustment as a component of LNG Inventory. This reclassification would appear to be problematic going forward because it would require constant vigilance by all parties to continually confirm that it is properly excluded from any consideration. As such, provide the Company's rationale for including this acquisition adjustment as a component of LNG Inventory in the Company's books. Fully explain your response in the Company's books. Fully explain your response.

RESPONSE:

The accounting method for the LNG-Presentation Reclass balance is based on purchasing accounting when CGC was acquired, and it was retained with Southern Company's purchase of GAS.

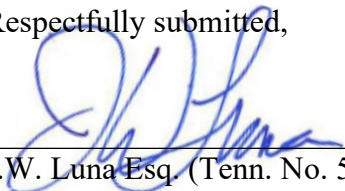
145900		Liquefied Natural gas
145901		LNG-Presentation Reclass
		LNG Stored

Input Value 1	Alt Value 1
145900	16420000
145901	16420000

Remaining consistent with the legacy approach in the FERC mapping of the LNG stored gas accounts, the accounts were mapped to 1642000 during the conversion to EF. However, the Company recognizes how this could create a reconciling challenge and is working to have this amount reclassified to its own FERC-sub account.

Witness: Tiffani Weems
 Supervisor, 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

and

Floyd R. Self, Esq. (TBPR PHV85597;
Fla. Bar No. 608025)
Berger Singerman LLP
313 North Monroe Street, Suite 301
Tallahassee, FL 32301
Telephone: (850) 521-6727
fself@bergersingerman.com

Attorneys for Chattanooga Gas Company

CERTIFICATION OF SERVICE

I HERBY CERTIFY that a true and correct copy of the foregoing was served Via Electronic Mail, on 27TH day of June, 2023, upon:

Mason C. Rush, Esq.
Assistant Attorney General
Karen H. Stachowski, Esq.
Senior Assistant Attorney General
Office of Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207
mason.rush@ag.tn.gov
karen.stachowski@ag.tn.gov

Elizabeth Wade, Esq.
Chief Regulatory Counsel
Kasey Chow, Esq.
Senior Counsel
Southern Company Gas
Ten Peachtree Place, N.W.
Atlanta, GA 30309
ewade@southernco.com
kchow@southernco.com

Jason Willard
Director, External Affairs
Chattanooga Gas Company
2207 Olan Mills Drive
Chattanooga, TN 37421
jrwillar@southernco.com

