

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

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

DIRECT TESTIMONY

OF

ALEX BRADLEY

June 28, 2023

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION FOR THE RECORD.

A1. My name is Alex Bradley. My business address is Office of the Tennessee Attorney General, John Sevier State Office Building, 500 Dr. Martin L. King Jr. Blvd, Nashville, Tennessee 37243. I am a Financial Analyst employed by the Consumer Advocate Division in the Office of the Tennessee Attorney General (“Consumer Advocate”).

Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND PROFESSIONAL EXPERIENCE.

A2. I received a Bachelor of Science in Business Administration with a major in Accountancy along with a Bachelor of Arts with a major in Political Science from Auburn University in 2012. I have been employed by the Consumer Advocate since 2013. My duties include reviewing utility regulatory filings and preparing analysis used to support Consumer Advocate testimony and exhibits. I have completed multiple regulatory trainings sponsored by the National Association of Regulatory Utility Commissions held by Michigan State University.

Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION (“TPUC” OR THE “COMMISSION”)?

A3. Yes. I have previously testified in TPUC Docket Nos. 17-00108, 18-00009, 18-00107, 19-00010, 19-00034, 19-00042, 19-00043, 19-00057, 19-00062, 20-00028, 20-00049, 20-00086, 21-00006, 21-00055, 21-000059, 21-00060, 21-00107, 22-00005, 22-00032, 23-00007, and 23-00008.

Q4. ON WHOSE BEHALF ARE YOU TESTIFYING?

A4. I am testifying on behalf of the Consumer Advocate Division.

Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A5. My testimony will discuss the Consumer Advocate's review and recommendations with respect to the Petition filed by Chattanooga Gas Company ("CGC" or the "Company") to adjust its rates and charges. Specifically, I will address the following:

1. The Consumer Advocate's review of allocated costs contained within the Company's Petition; and
2. Adjustments relating to incentive compensation.

Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF YOUR TESTIMONY?

A6. I have reviewed the Company's Pre-Filed Testimony along with the exhibits and workpapers filed with the Company's Petition. Additionally, I have reviewed the Company's discovery responses regarding the topics discussed in my testimony.

Q7. HAVE YOU REVIEWED THE CALCULATIONS SUPPORTING THE REVISED ARM FILING?

A7. My review focused on the Operations & Maintenance expenses contained within the Company's original and revised filings. I also prepared discovery requests seeking information not included in the Company's original filing. Finally, I had multiple conversations with the Company regarding its filing. The purpose of my review was to determine if the Company's ARM calculation correctly presented the actual amounts recorded on its accounting records.

Q8. WHAT WERE THE RESULTS OF YOUR REVIEW?

1 **A8.** Overall, I found the Company's revised filing appropriately reflects the actual expenses as
2 recorded on the Company's ledger. Additionally, I found that reconciliation generally
3 reflected the methodologies established in TPUC Docket 19-00047. However, as discussed
4 below, I believe that the Company's request should be slightly revised based on the results
5 of my review.

6 **Q9. CAN YOU PROVIDE A SUMMARY OF YOUR RECOMMENDATIONS IN THIS**
7 **DOCKET?**

8 **A9.** My recommendations are summarized as:

- 9 • I recommend that the Commission adjust the Company's filing to remove
10 allocated expenses from non-jurisdictional affiliates of the Company. The
11 impact of this adjustment is a change to the revenue deficiency by
12 approximately -\$51,184.
- 13 • I recommend that the Commission adjust the Company's filing to remove
14 the direct incurred Incentive Compensation of the Company. The impact of
15 this adjustment is a change to the revenue deficiency by approximately
16 -\$114,908.

17 **Q10. CAN YOU PROVIDE BACKGROUND REGARDING YOUR FIRST**
18 **RECOMMENDATION?**

19 **A10.** During the course of my review, I identified that CGC was receiving allocated costs from
20 other Southern Company affiliates. While this type of transaction is not unusual by itself,
21 what was unusual was that these charges were not originating from service companies that
22 provide shared services to all Southern Company affiliates.

23 **Q11. DID THE COMPANY PROVIDE THEIR RATIONALE FOR INCLUSION OF**
24 **THESE ALLOCATED COSTS WITHIN THE COMPANY'S COST OF SERVICE?**

A11. No, they did not. In response to discovery, the Company stated these costs are part of a “general allocation.” For example, in the Company’s response to Consumer Advocate DR No. 3-33 the Company stated that:

CGC notes that the new Oracle accounting system utilized by CGC provides a level of detail into specific allocations not previously available. While this level of detail provides greater transparency in understanding specific sources of allocated costs, by itself, the Oracle accounting system does not provide readily available information that would explain or justify why a cost was recorded. Thus, there is simply no way in the time frame required to obtain a comprehensive explanation as for why a cost was originally record. CGC could speculate, but there is no certain way to confirm in an expedited manner the how or why each of these enumerated departmental costs specifically benefits or relates to CGC. But such speculation is irrelevant because these costs are part of a general departmental allocation percentage assigned to CGC. A general allocation is a general allocation because there is no specific cost causation that allows it to be assigned to a specific operating company, but in general there is a benefit to CGC in being allocated a pro rata share of such costs.

Q12. DID THE COMPANY MAKE ANY ADJUSTMENTS FOR THESE ALLOCATED COSTS?

A12. Yes. In response to Consumer Advocate DR Nos. 3-30, 3-32, 3-33, 3-34, and 3-36, the Company agreed to remove approximately \$70,000 from the revenue requirement for these allocated costs.¹

Q13. DID THE COMPANY’S PROPOSAL CAPTURE ALL NON-JURISDICTIONAL ALLOCATIONS?

A13. No, based on my review there were approximately \$121,000 in non-service company expenses allocated to CGC. A comparison of these adjustments is shown below in Table 1.

[Table on Next Page]

¹ Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1>, Tab “Schedule 7”, Cell K26, TPUC Docket No. 23-00029 (June 23, 2023).

Table 1 – Comparison of Allocated Cost Adjustment				
O&M Item	Year Ending Total ²	CGC Proposed Adjustment ³	CA Proposed Adjustment ⁴	Difference in Adjustment
AGL Service Company Allocations	\$8,253,369	-\$70,512	-\$121,696	-\$51,184

Q14. CAN YOU PROVIDE EXAMPLES OF SOME OF THE NON-JURISDICTIONAL ALLOCATIONS?

A14. Yes, I can. Based on the Company’s response in Consumer Advocate DR No. 3-29 Attachment A (confidential), CGC was receiving allocated costs from Atlanta Gas and Light, Alabama Power Company, Georgia Power Company, Nicor Gas Company, Virginia Natural Gas Company, and other non-jurisdictional operations.

Q15. DO YOU HAVE ANY FURTHER COMMENTS ON THIS ADJUSTMENT?

A15. Yes. I want to note that this adjustment only covers the months of August thru December.

Q16. WHY DOES THIS ADJUSTMENT ONLY COVER THE LAST 5 MONTHS OF OPERATIONS?

A16. The level of detail necessary to determine the source of an allocated expense is only available for those months for which the Oracle accounting system was in place. Prior to the implementation of the Oracle accounting system the Company’s accounting records did not provide the same level of detail necessary for this adjustment.

Q17. WERE THERE ANY OTHER ADJUSTMENTS FOR ALLOCATED COSTS?

² Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1>, Tab “Schedule 7”, TPUC Docket No. 23-00029 (April 20, 2023).

³ *Id.*

⁴ Direct Testimony of Alex Bradley, Exhibit AB-1, Tab “O&M Total”.

A17. Yes. Per my workpapers, there is a non-material difference in the adjustment for Pension and OPEB expenses that reduces the revenue requirement by -\$926. This adjustment is shown on Schedule AB1-Allocations-1 within Exhibit AB-1.

Q18. WHAT IS YOUR SECOND ADJUSTMENT FOR OPERATING EXPENSES?

A18. My second adjustment is regarding the Payroll Expense included within the ARM. Specifically, the adjustment is regarding the embedded Performance Pay Plan (“Incentive Compensation”) that must be removed from the revenue requirement, as per the methodologies established in TPUC Docket No. 19-00047.

Q19. WHAT WERE THE RESULTS OF YOUR REVIEW FOR THIS MATTER?

A19. Based on my review, the amount of CGC Incentive Compensation that should be removed from the revenue requirement was approximately \$114,908 more than the Company’s proposal, as shown below in Table 2.

Table 2 – Comparison of Payroll Expense Adjustment				
O&M Item	Year Ending Total ⁵	CGC Proposed Adjustment ⁶	CA Proposed Adjustment ⁷	Difference in Adjustment
Payroll	\$5,391,757	-\$378,479	-\$493,387	-\$114,908

Q20. DO YOU HAVE ANY FINAL COMMENTS REGARDING THE COMPANY’S ARM FILING?

A20. Yes. I would like to echo Mr. Novak’s comments regarding the change in the accounting software during the review period. I believe that the proposal between the Advocate and

⁵ Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1>, Tab “Schedule 7”, TPUC Docket No. 23-00029 (April 20, 2023).

⁶ *Id.*

⁷ Direct Testimony of Alex Bradley, Exhibit AB-1, Tab “O&M Total”.

1 the Company to meet and discuss these topics should help alleviate the problems
2 encountered during this docket.

3 **Q21. DOES THIS COMPLETE YOUR TESTIMONY?**

4 **A21.** Yes, it does. However, I reserve the right to incorporate any new information that may
5 subsequently become available.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:

CHATTANOOGA GAS COMPANY'S
PETITION FOR APPROVAL OF ITS
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65-5-103(d)(6)

DOCKET NO. 23-00029

AFFIDAVIT

I, Alex Bradley, on behalf of the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

Alex Bradley
ALEX BRADLEY

Sworn to and subscribed before me
this 22nd day of June, 2023.

Terra Allen
NOTARY PUBLIC



My commission expires: January 31, 2027.

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: O&M Total

Line	Item		Year Ending Total	Co. Adjustments	CA Adjustments
1	Payroll Expense	a/	5,391,757	(378,479)	(493,387) k/
2	Pension	b/	224,205	(202,060)	(202,060) l/
3	Post-Retirement Benefits Other than Pensi	b/	6,559	91,416	91,365 m/
4	Miscellaneous Employee Benefits	c/	774		
5	Employee Savings Plan (401K Benefits)	c/	181,797		
6	Health/Life Insurance Expense	c/	913,853		
7	Benefits Capitalized		-		
8	Fleet Services & Facilities Expense	d/	560,776		
9	Outside Services	e/	1,143,172	6,918	6,918
10	Bad Debt Expense	f/	491,117		
11	Advertising and Outreach	f/	45,593	(94,958)	(94,958) n/
12	Customer Services & Accounts Expense	f/	10,930		
13	Franchise and Riders	g/	4,026,965	(4,026,965)	(4,026,965)
14	Administrative & General Expense	h/	1,721,113	(571)	(571) o/
15	Admin & Gen. Salaries & Exp. Capitalized		-		
16	Other Distribution & Storage Expense	i/	4,254,620	231,940	231,940 p/
17	AGL Service Company Allocations	j/	8,253,369	(2,096,830)	(2,148,940) q/
18			27,226,601	(6,469,590)	(6,636,658)

a/ AB-2, Payroll
b/ AB-2, Pension
c/ AB-2, Benefits
d/ AB-2, Fleet & Facilities
e/ AB-2, Outside Services
f// AB-2, Customer Svc. & Accounts
g/ AB-2, Franchise
h/ AB-2, Admin. & Gen.
i/ AB-2, Other Distr. & Storage
j/ AB-2, Allocated
k/ AB1-Payroll
l/ AB1-Pension
m/ AB1-OPEB
n/ AB1-Advertising
o/ AB1-A&G
p/ AB1-Distr&Stor
q/ AB1-Allocations

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Payroll

	Per Books	Adjustment for Annual Incentive Plan
Payroll Expense CA	5,391,757 a/	(493,387) b/
Payroll Expense Co.	5,391,757	(378,479)

a/ AB1-Payroll-2
b/ AB1-Payroll-1

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Payroll-1

Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
Chattanooga Gas Company													
Performance Pay Program (PPP) - AIP Bor a/	68,972	60,459	57,065	25,860	21,582	51,473	29,594	39,083	14,660	74,667	85,932	90,875	620,222
Long-Term Incentive Program (LTI) b/	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	68,972	60,459	57,065	25,860	21,582	51,473	29,594	39,083	14,660	74,667	85,932	90,875	620,222
Adjustment to 100%	42,314	37,091	35,009	15,865	13,240	31,579	18,156	23,977	8,994	45,808	52,719	55,752	380,504
Exclusion of AIP in Excess of 100%	26,658	23,368	22,056	9,995	8,341	19,894	11,438	15,106	5,666	28,859	33,213	35,124	239,718
Amount Included in ARM Filing													
Performance Pay Program (PPP) - AIP Bonus	28,209	24,728	23,340	10,577	8,827	21,052	12,104	15,985	5,996	30,539	35,146	37,168	253,670
Long-Term Incentive Program (LTI)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	28,209	24,728	23,340	10,577	8,827	21,052	12,104	15,985	5,996	30,539	35,146	37,168	253,670
Incentive Compensation Adjustment	(54,867)	(48,095)	(45,395)	(20,572)	(17,168)	(40,947)	(23,542)	(31,091)	(11,662)	(59,398)	(68,359)	(72,291)	(493,387)

a/ AB-2, Tab Performance Plan (PPP)
b/ Co. does not have an LTI plan

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Payroll-2

Account Description	a/ Historic Base Period
83300100 - Maint of Lines	-
84100100 - Oper Exp-Other Storage	261,109
84410000 - LNG Operation supervision and engineering	259,515
84430000 - Liquefaction processing labor and expenses	6,692
84710000 - Maintenance supervision and engineering	86,731
84730000 - Maintenance of LNG processing terminal equipment	19,162
84760000 - Maintenance of compressor station equipment	15,780
84780000 - Maintenance of other LNG equipment	83,350
85000100 - Operation supervision and engineering-Trans	-
85600100 - Mains Expense-Trans	-
87000000 - Op Suprv/Eng-Design Gas Sys	381,615
87100000 - Distr Load Dispatching	213
87400100 - Mains Operations	313,072
87500005 - Measuring and Regulating Station-General	69,949
87700100 - City Gate Check Stations	-
87800000 - Meter and House Regulator Expenses	618,076
87900000 - Customer installations Expenses	348,643
88000001 - Dist-Other Expenses	142
88700000 - Repair and Maintenance Mains	170,982
88900000 - Maint Regulator Station Equip-Gen	68,086
89000000 - Maint Regulator Station Equip-Ind	-
89200115 - Maint of Services	196,863
89300100 - Maint Meter Sets and Regulators	41,432
89400101 - Maint Equip-CNG Comp Station	238
90200000 - Cust Accounts-Meter Reading	108,269
90300000 - Cust Accounts-Cust Record/Collect	-
91300000 - Advertising expenses Account	-
92000000 - A&G Salaries Account	2,416,951
92100000 - Office Supplies and Expenses Account	1,867
92300000 - Outside Services Employed Account	(90,685)
93020000 - Misc General Expenses	4,712
93200100 - Maintenance of general plant (gas)	8,994
	5,391,757

a/ AB-2, tab Payroll

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Pension

	<u>Per Books</u>	<u>Adjustment</u>
Pension Expense CA	a/ 224,205	(202,060) b/
Pension Expense Co.	224,205	(202,060)

a/ AB-2, tab Pension

b/ AB-1, AB1-Pension-1

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Pension-1

[illegible]

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-OPEB

			<u>Per Books</u>	<u>Adjustment</u>	
OPEB Expense	CA	a/	6,559	91,365	b/
OPEB Expense	Co.		6,559	91,416	

a/ AB-2, Pension

b/ AB1-Pension-1

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-OPEB

Description		January	February	March	April	May	June	July	August	September	October	November	December	Total
Adjusted Cost of Service														
Other Post Retirement Benefits	a/	(1,170)	(1,057)	(1,114)	(1,114)	(1,114)	(1,114)	(1,114)	(44)	818	36	241	186	(6,559)
OPEB Payments	b/	9,276	11,075	11,167	8,089	9,740	(180,308)	7,454	33,677	41,311	35,409	34,149	76,886	97,925
Total OPEB Adjustment		8,106	10,017	10,053	6,975	8,626	(181,422)	6,340	33,634	42,129	35,445	34,390	77,072	91,365
Allocated from Service Company														
Total Charges		c/	c/	c/	c/	c/	c/	c/	e/	f/	g/	h/	i/	
Other Post Retirement Benefits		29,501	40,952	35,226	35,226	35,226	35,226	35,226	(62,275)	(47,606)	(58,423)	(52,328)	(53,316)	(27,363)
Adjusted Cost of Service														
OPEB Expense		(29,501)	(40,952)	(35,226)	(35,226)	(35,226)	(35,226)	(35,226)	62,275	47,606	58,423	52,328	53,316	27,363
OPEB Payments	b/	102,009	175,133	228,204	177,162	198,645	(2,391,874)	88,330	227,607	298,985	188,428	203,047	597,189	92,862
Total AGSC OPEB Adjustment		72,508	134,181	192,978	141,935	163,419	(2,427,101)	53,103	289,882	346,592	246,850	255,374	650,505	120,225
Allocation Factor	d/	2.36%	2.35%	2.55%	2.41%	2.56%	2.36%	3.57%	2.55%	2.40%	2.74%	2.48%	2.38%	
Total AGSC OPEB Adjustment		1,710	3,160	4,926	3,417	4,183	(57,360)	1,898	7,379	8,304	6,760	6,324	15,456	6,156
Total Adjustment		9,815	13,177	14,980	10,392	12,809	(238,782)	8,238	41,013	50,433	42,205	40,715	92,528	97,521

unable to tie to values

- a/ AB-2, tab Pension Detail
- b/ OPEB Payment Workpaper Schedule 35.3
- c/ TW-1 Schedule 25.4
- d/ AB-2, tab Allocation %
- e/ AB-Allocated August (confid)
- f/ AB-Allocated September (confid)
- g/ AB-Allocated October (confid)
- h/ AB-Allocated November (confid)
- i/ AB-Allocated December (confid)

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Outside Svcs

			b/ 660320
	Per Books	Adjustment for Misc. Expenses	Outside Services- Marketing
92300000 - Outside Services Employed Accc CA	a/ 1,143,172	(61,918)	(55,000)
92300000 - Outside Services Employed Accc Co.	1,143,172	(61,918)	(55,000)

a/ AB-2, tab Outside Services

b/ TW-1, tab 'inputs'

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Advertising

			b/
		<u>Per Books</u>	<u>Adjustment</u>
Advertising and Outreach Expen CA	a/	45,593	(94,958)
Advertising and Outreach Expen Co.		45,593	(94,958)
a/ AB-2,tab Customer Svc. & Accounts			
b/ TW-1, Schedule 26			

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-A&G

		<u>Per Books</u>	<u>Adjustment</u>
Administrative & General Expense CA	a/	1,721,113	(571)
Administrative & General Expense Co.		1,721,113	(571)

a/ AB-2, tab Admin & Gen

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-A&G-1

Line No.	Account	Historic Base Period	see Allocations for a/ this		Gain on Disp of Non- Utility Prop
			Adjustment for Non- Jurisdictional Allocations	Other Adjustment s	
1	82100100 - Purification	10	-		
2	84100100 - Oper Exp-Other Storage	(1,056)	-		
3	84350100 - Maint Liquefaction Equip-Other Storage	880	-		
4	84420000 - LNG processing terminal labor and expenses	4,051	-		
5	84430000 - Liquefaction processing labor and expenses	(318)	-		
6	84710000 - Maintenance supervision and engineering	(1,543)	-		
7	84730000 - Maintenance of LNG processing terminal equip	2,796	-		
8	84780000 - Maintenance of other LNG equipment	(1,268)	-		
9	87000000 - Op Suprv/Eng-Design Gas Sys	(4,259)	(2,361)		
10	87400100 - Mains Operations	(3,506)	(5,682)		
11	87500005 - Measuring and Regulating Station-General	(766)	(109)		
12	87800000 - Meter and House Regulator Expenses	(6,471)	(25)		
13	87900000 - Customer installations Expenses	(2,527)	-		
14	88700000 - Repair and Maintenance Mains	2,587	-		
15	88900000 - Maint Regulator Station Equip-Gen	(76)	-		
16	89200115 - Maint of Services	(239)	-		
17	89300100 - Maint Meter Sets and Regulators	(23)	-		
18	90200000 - Cust Accounts-Meter Reading	(937)	(14)		
19	90300000 - Cust Accounts-Cust Record/Collect	1,380	(6,600)		
20	91000000 - CS&I Misc Cust Svc and Info Exp	62,306	-		
21	92000000 - A&G Salaries Account	347	(28,504)		
22	92100000 - Office Supplies and Expenses Account	766,299	(5,329)		
23	92200000 - Administrative Expenses Transferred-Credit	(227,000)	(3,643)		
24	92300000 - Outside Services Employed Account	43,354	(63,168)		
25	92400005 - Prop Ins-Other	255,372	-	(616)	
26	92400020 - General Business Insurance - Affil	51,172	-		
27	92500000 - Injuries and Damages Account	60,719	-		
28	92600005 - Empl P&B-Ben-Capitalized	(65,242)	-		
29	92600380 - Empl P&B-Ben-Oth Empl	30,414	-	-	
30	92600385 - Empl P&B-Ben-Education	-	-		
31	92600420 - Empl P&B-Ben-Account	(19,323)	(42)		
32	92800100 - Reg Commis-St-Docket	328,977	-		
33	93020000 - Misc General Expenses	313,841	(5)		
34	93100005 - Operating Leases	145	(119)		
35	93200100 - Maintenance of general plant (gas)	131,014	(12)		
					45
Administrative & General Expense		1,721,113	(115,614)	(616)	45

a/ AB-2, tab Admin. & Gen
b/ TW-1, tab Inputs, cell B89

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Distr&Stor

		<u>Per Books</u>	<u>Adjustment</u>
Other Distribution & Storage Expenses CA	a/	4,254,620	231,940
Other Distribution & Storage Expenses Co.		4,254,620	231,940

a/ AB-1, AB1-Distr&Stor-1

Docket #23-00029
Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Distr&Stor-1

Account	a/ Historic Base Period	amort of lng costs, 28.1 Adjustmen t
82100100 - Purification	46,910	
84350100 - Maint Liquefaction Equip-Other Storage	129,791	
84420000 - LNG processing terminal labor and expenses	279,224	
84720000 - Maintenance of LNG structures and improveme	26,839	
84730000 - Maintenance of LNG processing terminal equip	503,868	
84760000 - Maintenance of compressor station equipment	58,592	
84780000 - Maintenance of other LNG equipment	119,002	
87000000 - Op Suprv/Eng-Design Gas Sys	1,922	
87400100 - Mains Operations	2,077,109	
87800000 - Meter and House Regulator Expenses	76	
87900000 - Customer installations Expenses	(57,477)	231,940
88000001 - Dist-Other Expenses	138,473	
88700000 - Repair and Maintenance Mains	558,570	
88900000 - Maint Regulator Station Equip-Gen	29,495	
89200115 - Maint of Services	130,226	
89300100 - Maint Meter Sets and Regulators	211,997	
Other Distribution & Storage Expense	4,254,620	231,940

a/ AB-2, tab Other Distr. & Storage

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Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Allocations

			<u>Per Books</u>	<u>Adjustment</u>
AGL Service Company Allocations	CA	a/	8,253,369	(2,148,940)
AGL Service Company Allocations	Co.		8,253,369	(2,096,830)

a/ AB-1, AB1-Allocations-1

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Consumer Advocate Division
Schedule: AB1-Allocations-1

Account No	Account Desc	a/	b/	c/	c/	c/	c/	c/	d/	e/	e/	
		Historic Base Period	Adjustment for Non- Jurisdictional Allocations	Adjustment for AGSC Incentive Compensation n (PPP)	Adjustment for SCS Incentive Compensation (PPP)	Adjustment for AGSC Incentive Compensation (LTI)	Adjustment for SCS Incentive Compensation (LTI)	Adjustment for AGSC Payroll Taxes	Adjustment for SCS Payroll Taxes	Adjustment for Pension/OP EB	Adjustment for Lobbying, Charitable Contri., Social Clubs	Adjustment for Advertising
40400010	Amortization of Cloud Software	(1,147)	-									
40430010	Amortization of Limited-Term Gas Property-Cloud Computir	45,024	-									
42120020	Loss on Disp of Property-Non Utility	(45)	45									
50000000	Stm-Oper Eng and Supv	(679)	8									
50600000	Stm-Misc Steam Power Expenses	3,397	-									
54900000	OPG-Misc Other Pwr Gen Exp	(279)	-									
55700000	Other Power Supply Expenses Account	(5)	-									
58800000	Dstr-Misc Dstr Exp	5,427	-									
84100100	Oper Exp-Other Storage	39,873	-									
84420000	LNG processing terminal labor and expenses	(93)	-									
84430000	Liquefaction processing labor and expenses	(867)	-									
84710000	Maintenance supervision and engineering	(2,247)	-									
84780000	Maintenance of other LNG equipment	(2,043)	-									
85000100	Operation supervision and engineering-Trans	5,222	-									
87000000	Op Suprv/Eng-Design Gas Sys	48,357	(2,361)									
87100000	Distr Load Dispatching	2,182	(34)									
87400100	Mains Operations	37,061	(5,682)									
87500005	Measuring and Regulating Station-General	45,012	(109)									
87700100	City Gate Check Stations	(3)	-									
87800000	Meter and House Regulator Expenses	(4,471)	(25)									
87900000	Customer installations Expenses	(6,049)	-									
88500000	Maint Super and Eng	8	-									
88700000	Repair and Maintenance Mains	(7,969)	-									
88900000	Maint Regulator Station Equip-Gen	-	-									
89200115	Maint of Services	(5,667)	-									
89300100	Maint Meter Sets and Regulators	(5,264)	-									
90100000	Cust Accounts-Supervision	66	-									
90200000	Cust Accounts-Meter Reading	4,056	(14)									
90300000	Cust Accounts-Cust Record/Collect	21,526	(6,600)									
90400000	Cust Accounts-Uncollectible Accounts	(460)	-									
90500000	Cust Accounts-Miscellaneous	17,731	-									
90700000	CS&I Exp-Supv	231,039	-									
90800000	CS&I Exp-Cust Assist.	140,119	(2,307)									
90900000	CS&I-Info and Instruct Adver Exp	3,374	-									
91000000	CS&I Misc Cust Svc and Info Exp	82,317	-									
91200000	Demonstrating and Selling Exp	17,071	(169)									
91300000	Advertising expenses Account	(574)	-									
91600000	Miscellaneous Sales Expenses Account	853	38									
92000000	A&G Salaries Account	530,823	(28,504)									
92100000	Office Supplies and Expenses Account	145,471	(5,329)									
92200000	Administrative Expenses Transferred-Credit	3,765,376	(3,643)									
92300000	Outside Services Employed Account	2,881,449	(63,168)									
92400005	Prop Ins-Other	(646)	-									
92400020	General Business Insurance - Affil	2,806	-									
92500000	Injuries and Damages Account	3,500	-									
92600005	Empl P&B-Ben-Capitalized	(85,149)	-									
92600020	Empl P&B-Ben-Transfer Cr-OPRB	836	(34)									
92600105	Empl P&B-Pension Expense-Qualified Pension Service Cost	65,885	-									
92600110	Empl P&B-Pension Expense-SERP Service Costs	11,345	-									
92600155	Empl P&B-Pension/OPRB-Service Cost Cr	21,475	(902)									

92600210	Empl P&B-Ben-Transfer Cr-ESP	(21,135)	(493)																
92600215	Empl P&B-Ben-Co Contrib-ESP	29,504	-																
92600225	Empl P&B-Pen,Ins,ESP-Cap Cr	30,550	-																
92600305	Empl P&B-Ben-Transfer Cr-Ins	31,094	(2,236)																
92600315	Empl P&B-OPRB-Retiree Medical Service Costs	2,634	-																
92600360	Empl P&B-Ben-Grp Ins	91,953	-																
92600375	Empl P&B-Ben-Billed-Cr	6	-																
92600380	Empl P&B-Ben-Oth Empl	19,225	-																
92600420	Empl P&B-Ben-Account	(45,904)	(42)																
92700000	Franchise Requirements Account	(34,444)	-																
93020000	Misc General Expenses	(8,829)	(5)																
93100000	Rents Account	99,760	-																
93100005	Operating Leases	116	(119)																
93200100	Maintenance of general plant (gas)	3,813	(12)																
		8,253,369	(121,696)	(746,899)	(240,970)	(323,901)	(196,609)	(48,430)	(25,817)	103,469	(534,374)	(13,713)	6,104,429						

Total Adjustments:

(2,148,940)

- a/ AB-2, tab Allocated
b/ AB - CGC Allocated Costs from other Southern Co. companies
c/ AB1-Allocated Incentives, Pension
d/ AB1-Pension-1 & AB1-OPEB
e/ Company Shchedule 23.1

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Chattanooga Gas Company Annual Review Mechanism
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Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Alloc.Pension

Co.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
Chattanooga Gas Company	92300000 - Outside Services Employed Account	a/-	-	-	-	-	-	-	(394)	1,243	(1,825)	(413)	(100)	(1,489)
	92600105 - Empl P&B-Pension Expense-Qualified Pension Service Costs	a/22,959	23,547	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253	23,253	279,033
	92600110 - Empl P&B-Pension Expense-SERP Service Costs	a/-	-	-	-	-	-	-	-	-	-	-	-	-
	92600155 - Empl P&B-Pension/OPRB-Service Cost Cr	a/-	-	-	-	-	-	-	5,517	9,648	4,395	6,863	7,044	33,466
	92600162 - Empl P&B-Pension/OPRB-Non-Service Costs Alloc	a/-	-	-	-	-	-	-	(11,825)	(25,261)	(15,036)	(17,181)	(17,554)	(86,857)
		22,959	23,547	23,253	23,253	23,253	23,253	23,253	16,551	8,883	10,787	12,522	12,643	224,154
AGL Services Company		b/-	b/-	b/-	b/-	b/-	b/-	b/-	c/-	d/-	e/-	f/-	g/-	
	92600105 - Empl P&B-Pension Expense-Qualified Pension Service Costs	870,758	891,498	881,128	881,128	881,128	881,128	881,128	881,128	881,128	881,128	881,128	881,128	10,573,540
	92600110 - Empl P&B-Pension Expense-SERP Service Costs	151,655	151,786	151,720	151,720	151,720	151,720	151,720	151,720	151,720	151,720	151,720	151,720	1,820,645
	92600155 - Empl P&B-Pension/OPRB-Service Cost Cr	-	-	-	-	-	-	-	(403,371)	(418,505)	(369,305)	(376,319)	(440,558)	(2,008,059)
	92600162 - Empl P&B-Pension/OPRB-Non-Service Costs Alloc	-	-	-	-	-	-	-	(936,907)	(691,063)	(768,138)	(714,140)	(700,744)	(3,810,992)
		1,022,413	1,043,284	1,032,849	1,032,849	1,032,849	1,032,849	1,032,849	(307,430)	(76,719)	(104,594)	(57,610)	(108,454)	6,575,134

a/ AB-2, tab Pension
b/ Company Schedule 25.5
c/ AB- Allocated August (CONFID),tab pension
d/ AB- Allocated September (CONFID),tab pension
e/ AB- Allocated October (CONFID),tab pension
f/ AB- Allocated November (CONFID),tab pension
g/ AB- Allocated December (CONFID),tab pension

unable to tie to Income Statement

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Chattanooga Gas Company Annual Review Mechanism
Year Ending 2022
Office of the Tennessee Attorney General
Consumer Advocate Division
Schedule: AB1-Allocated Incentives, Pension

Allocated Expense - AGSC													
	January	February	March	April	May	June	July	August	September	October	November	December	Total
Performance Pay Program (PPP) - AIP Bonus	5,810,947	5,085,421	3,822,441	2,179,096	1,816,018	4,999,909	2,566,268	1,612,593	704,025	2,005,316	3,365,276	3,302,665	37,269,976
Less Lobby Incentive Compensation Eliminated	10,085	8,825	6,303	3,782	3,152	7,259	4,299	-	-	-	-	-	43,705
Long-Term Incentive Program (LTI)	250,295	1,006,455	7,760,148	432,609	460,116	436,494	438,987	401,383	627,260	332,674	196,121	369,826	12,712,368
Total	6,071,328	6,100,701	11,588,893	2,615,487	2,279,285	5,443,662	3,009,554	2,013,976	1,331,286	2,337,990	3,561,397	3,672,491	50,026,049
Allocation Factor	i/ 2.36%	2.35%	2.55%	2.41%	2.56%	2.36%	3.57%	2.55%	2.40%	2.74%	2.48%	2.38%	
Allocated AIP	137,246	119,963	97,742	52,550	46,562	118,336	91,863	41,049	16,868	54,916	83,341	78,470	938,904
Adjustment to 100%	84,200	73,597	59,964	32,239	28,565	72,599	56,357	25,183	10,349	33,691	51,129	48,141	576,011
Exclusion of AIP in Excess of 100%	53,046	46,366	37,777	20,311	17,996	45,737	35,505	15,866	6,520	21,225	32,211	30,329	362,889
Allocated Amount Included in ARM Filing													
Performance Pay Program (PPP) - AIP Bonus	109,179	95,431	77,754	41,803	37,040	94,136	73,077	32,654	13,419	43,686	66,298	62,423	746,899
Long-Term Incentive Program (LTI)	5,901	23,701	198,104	10,414	11,777	10,316	15,688	10,217	15,029	9,110	4,857	8,787	323,901
Total	115,080	119,131	275,857	52,218	48,816	104,452	88,765	42,872	28,448	52,796	71,154	71,210	1,070,800
Incentive Compensation Adjustment	(115,080)	(119,131)	(275,857)	(52,218)	(48,816)	(104,452)	(88,765)	(42,872)	(28,448)	(52,796)	(71,154)	(71,210)	(1,070,800)
Payroll Taxes													
40810010 Payroll Taxes	g/ 749,485	713,958	647,024	632,791	685,935	525,526	656,910	937,914	171,062	800,643	492,501	739,992	7,753,740
Payroll Expenses	h/ 14,342,896	13,918,510	20,890,223	11,148,155	11,393,818	14,681,188	12,074,899	12,028,540	12,663,331	11,030,289	13,592,645	16,713,676	164,478,168
Payroll Tax Factor	5.23%	5.13%	3.10%	5.68%	6.02%	3.58%	5.44%	7.80%	1.35%	7.26%	3.62%	4.43%	
Variable Pay Payroll Tax	(6,014)	(6,111)	(8,544)	(2,964)	(2,939)	(3,739)	(4,829)	(3,343)	(384)	(3,832)	(2,578)	(3,153)	(48,430)
Allocated Expense - SCS													
Incentives SCS	1,230,815	1,034,415	4,426,561	1,173,232	1,094,489	1,912,926	1,476,546	1,474,838	1,683,429	1,001,077	1,647,603	1,212,012	19,367,942
AIP	791,099	792,965	345,912	688,306	661,609	1,188,758	938,725	1,368,414	1,431,660	879,390	1,592,308	1,049,847	11,728,994
LTI	439,716	241,450	4,080,649	484,927	432,880	724,168	537,821	106,424	251,769	121,686	55,295	162,165	7,638,948
Allocation Factor	2.36%	2.35%	2.55%	2.41%	2.56%	2.36%	3.57%	2.55%	2.40%	2.74%	2.48%	2.38%	
Allocated AIP	18,652	18,673	8,831	16,570	16,934	28,094	33,547	34,833	34,302	24,082	39,433	24,944	298,896
Adjustment to 100%	10,844	10,857	5,134	9,634	9,845	16,334	19,504	20,252	19,943	14,001	22,926	14,502	173,777
Exclusion of AIP in Excess of 100%	7,808	7,817	3,697	6,936	7,089	11,760	14,043	14,581	14,359	10,081	16,507	10,442	125,119
Allocated Amount Included in ARM Filing													
AIP	15,037	15,054	7,119	13,359	13,652	22,650	27,045	28,083	27,654	19,415	31,791	20,110	240,970
LTI	10,367	5,686	104,172	11,674	11,080	17,114	19,220	2,709	6,032	3,332	1,369	3,853	196,609
Total	25,405	20,740	111,291	25,033	24,732	39,764	46,265	30,792	33,687	22,747	33,161	23,963	437,579
Incentive Compensation Adjustment	(25,405)	(20,740)	(111,291)	(25,033)	(24,732)	(39,764)	(46,265)	(30,792)	(33,687)	(22,747)	(33,161)	(23,963)	(437,579)
Payroll Taxes													
670658 Payroll Tax SCS	g/ 305,294	658,171	136,433	369,075	271,991	303,068	249,957	278,298	347,972	192,740	496,960	297,454	-
SCS Fixed Compensation	h/ 3,667,516	3,706,365	3,111,324	3,266,151	3,194,531	3,136,167	2,967,231	3,110,198	3,172,222	1,913,417	2,813,103	4,632,974	38,690,998
SCS Bonus	1,230,815	1,034,415	4,426,561	1,173,232	1,094,489	1,912,926	1,476,546	1,474,838	1,683,429	1,001,077	1,647,603	1,212,012	19,367,942
Payroll Tax Factor	6.23%	13.88%	1.81%	8.31%	6.34%	6.00%	5.62%	6.07%	7.17%	6.61%	11.14%	5.09%	
Variable Pay Payroll Tax	(1,583)	(2,879)	(2,014)	(2,081)	(1,568)	(2,387)	(2,602)	(1,869)	(2,414)	(1,504)	(3,694)	(1,219)	(25,817)
AGSC Pension/OPEB Adjustment													
Total Pension Expense	(24,106)	(24,568)	(26,367)	(24,864)	(26,436)	(24,410)	(36,910)	7,826	1,838	2,864	1,427	2,577	(171,129)
Pension Payments													268,442
Total Pension Adjustment													97,313

a/ Schedule 35.02a Incentive Compensation - PPP (WP) (CONFIDENTIAL).xlsx
b/ AB-Allocated August (confid)
c/ AB-Allocated September (confid)
d/ AB-Allocated October (confid)
e/ AB-Allocated November (confid)
f/ AB-Allocated December (confid)
g/ AB Payroll Taxes Allocated.xlsx, tab 35.2e