

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

**June 15, 2023**

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

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

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Chattanooga Gas Company ("CGC" or "Company") files these Responses and Objections to the Fourth Set of Discovery Requests of the Consumer Advocate Division of the Office of the Attorney General ("Consumer Advocate") emailed on June 7, 2023, with responses provided to the Consumer Advocate on June 12-15, 2023.

This set of discovery by agreement of the parties is identified as the Fourth Set of Discovery Requests, which is the third formal set of discovery requests. CGC has no objection to this discovery based on the total requests to date exceeding the 40-question limit in the Rules of Civil Procedure and no objection to this being the fourth total set of discovery in this matter.

**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.

#### **FOURTH 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-4**

CA 4-01

**QUESTION:**

**Identify/Source & Support.** Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.02b Incentive Compensation, LTI (WP) (CONFIDENTIAL).xlsx> regarding Incentive Compensation and provide the following information:

- a. Refer to the "Data (Legacy) ASC, CGC - LTI" tab in this spreadsheet. Provide the source and support for the information on this tab that appears as hard-coded data.
- b. Refer to the "Summary (OACS) ASC, SCS - LTI" tab in this spreadsheet. We are unable to confirm that the amounts included on this summary tie to the Company's ledger. Provide a means to reconcile this data to the Company's ledger.

**RESPONSE:**

- a. Please see CA 3-02 Attachment A for the "Legacy" financial statements.
- b. Please see CA 4-01 Attachment A Confidential for a reconciliation of August 2022 LTI. Please refer to the Company's Response to CA 3-29 to reconcile LTI for September through December.

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

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-02

QUESTION:

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.02e ASC Payroll Taxes (WP) (CONFIDENTIAL).xlsx> regarding Incentive Compensation and provide the following information:

- a. Refer to the "Data (Legacy)" tab in this spreadsheet. Provide the source and support for the information on this tab that appears as hard-coded data.

RESPONSE:

- a. Please see the Company's Response to CA 3-02 for the "Legacy" financial statements.

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

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-03

**QUESTION:**

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.02d Direct Payroll (WP) (CONFIDENTIAL).xlsx> regarding Incentive Compensation and provide the following information:

- a. Refer to the "Data (Legacy)" tab in this spreadsheet. Provide the source and support for the information on this tab that appears as hard-coded data.
- b. Refer to the "Summary- CGC" tab in this spreadsheet. We are unable to confirm that the amounts included on this summary tie to the Company's ledger. Provide a means to reconcile this data to the Company's ledger.
- c. Refer to the "Summary - ASC" tab in this spreadsheet. We are unable to confirm that the amounts included on this summary tie to the Company's ledger. Provide a means to reconcile this data to the Company's ledger.

**RESPONSE:**

- a. Please see the Company's Response to CA 3-02 for the "Legacy" financial statements.
- b. Please see CA 4-03 Attachment A Confidential.
- c. Please see CA 4-03 Attachment B Confidential for a reconciliation of August 2022. Please refer to the Company's Response to CA 3-29 to reconcile September through December.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-04

**QUESTION:**

**Source & Support.** Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.02e ASC Payroll Taxes (WP) (CONFIDENTIAL).xlsx>regarding Incentive Compensation and provide the following information:

- a. Refer to the "Data (Legacy)" tab in this spreadsheet. Provide the source and support for the information on this tab that appears as hard-coded data.
- b. Refer to the "ASC" tab in this spreadsheet. We are unable to confirm that the amounts included on this summary tie to the Company's ledger. Provide a means to reconcile this data to the Company's ledger.
- c. Refer to the "SCS" tab in this spreadsheet. We are unable to confirm that the amounts included on this summary tie to the Company's ledger. Provide a means to reconcile this data to the Company's ledger.
- d. Refer to the "ASC" and the "SCS" tabs in this spreadsheet. Explain why the Pivot Table on the "ASC" tab only includes 408 accounts (Taxes Other Than Income or "TOIT") while the Pivot Table on the "SCS" tab includes all accounts.

**RESPONSE:**

- a. Please see the Company's Response to CA 3-2 for the "Legacy" financial statements.
- b. Please see CA 4-04 Attachment A Confidential for a reconciliation of August 2022. Please refer to the Company's Response to CA 3-29 to reconcile September through December.
- c. Please see CA 4-04 Attachment B Confidential for a reconciliation of August 2022. Please refer to the Company's Response to CA 3-29 to reconcile September through December.
- d. In general, SCS related charges are mapped to 923. Thus, the Company has updated Schedule 35.02e and CGC Exhibit TW-1 to only reflect charges recorded to 923. See CA 4-04 Attachment C Confidential for the updated Schedule 35.02e.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-05

**QUESTION:**

**Reconciliation.** Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.02c SCS Fixed Compensation ASC Payroll (WP) (CONFIDENTIAL).xlsx> regarding SCS Fixed Compensation and provide the following information:

- a. Refer to the "Data (Legacy)" tab in this spreadsheet. Provide the source and support for the information on this tab that appears as hard-coded data.
- b. Refer to the "Summary Data (OACS)" tab in this spreadsheet. We are unable to confirm that the amounts included on this summary tie to the Company's ledger. Provide a means to reconcile this data to the Company's ledger.

**RESPONSE:**

- a. Please see the Company's Response to CA 3-02 for the "Legacy" financial statements.
- b. Please see CA 4-05 Attachment A Confidential for a reconciliation of August 2022 and the Company's Response to CA 3-29 to reconcile September through December.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-06

**QUESTION:**

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 27" tab, cells E37 to P37 regarding Lobby Incentive Compensation Eliminated. Provide the source and support for these amounts which appear as unreferenced hard-coded numbers.

**RESPONSE:**

Please the Company's response to CA 1-37.

*Witness:* Tiffani Weems  
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Southern Company Gas



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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-07

QUESTION:

4-07. Incomplete Data. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 31 - FERC Form II (2022).pdf> regarding the FERC Income Statement for 2022. Specifically refer to Page 114. This schedule appears to be incomplete. Provide an updated FERC Income Statement that reflects the Company's income for 2022

RESPONSE:

Please the CA 4-07 Attachment A for updated FERC Form II (2022) which includes complete income statement.

*Witness:* Tiffani Weems  
Supervisor, Regulatory Reporting  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-08

**QUESTION:**

**Reconciliation.** Refer to the Direct Testimony of Tiffani Weems, File <Schedule 31 - FERC Form II (2022).pdf>. Specifically refer to Page 110 and 113 regarding the balance of Plant in Service, CWIP, Accumulated Depreciation and ADIT as shown in the Table below. Reconcile these amounts with the end-of-year balances for these accounts from File <CGC Weems Exhibit TW-1.xlsx>, tab "Schedule 2A1" also shown below.

<b>Item</b>	<b>Ledger Amount</b>	<b>FERC Amount</b>
Plant in Service	\$410,844,683	\$415,647,474
Construction Work in Progress	36,494,155	32,751,638
Accumulated Depreciation	153,100,918	155,355,290
Accumulated Deferred Income Taxes	49,531,169	32,149,942

**RESPONSE:**

Please see CA 4-08 Attachment A for a reconciliation of CGC Weems Exhibit TW-1, tab "Schedule 2A1" and the FERC Form II Balance sheet on page 110 through 113 for line items listed above.

Column D provides the components of the amounts listed in CGC Weems Exhibit TW-1, tab "Schedule 2A1," and column E provides amounts included in the FERC Form II. Column F provides the explanation for the differences.

*Witness:* Tiffani Weems  
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Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-09

**QUESTION:**

**4-9. Reconciliation.** Refer to the Direct Testimony of Tiffani Weems, File <Schedule 31 - FERC Form II (2022).pdf>. Specifically refer to Page 115 regarding the balance of Net Operating Income as shown in the Table below. Reconcile this amount with the 2022 balance for this account from File <CGC Weems Exhibit TW-1.xlsx>, tab "Schedule 5" also shown below.

<b>Item</b>	<b>Ledger Amount</b>	<b>FERC Amount</b>
<b>Net Operating Income</b>	<b>\$5,391,757</b>	<b>\$11,955,380</b>

**RESPONSE:**

Please note that the operating income per CGC Weems Exhibit TW-1, tab "Schedule 5" is \$7,204,224 as presented on line 17 in the column labeled "Historic Base Period Actual Without Rate Making Adjustments."

Please see CA 4-09 Attachment A tab labeled "Schedule 5" on rows 55 through 72 for a reconciliation of the operating income of \$7,204,224 and the FERC amount of \$11,955,380. This attachment is CGC Weems Exhibit TW-1 with the reconciliation added in Schedule 5. Each reconciling item is listed with a description, an amount and reference to support to Schedule 19 or to FERC pages 114 – 116 that are included in a separate tab. The Company identified in the preparation of this response three minor changes to operating income related to expenses listed on rows 62 through 64 that should be made with a resulting pre-tax decrease in operating income of \$203 (\$275 less the tax impact of \$72).

*Witness:* Tiffani Weems  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-10

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 32 - ASC Cost Allocation Manual (CONFIDENTIAL).pdf> regarding the Company's Cost Allocation Manual ("CAM"). Highlight and describe the reason for any changes to the CAM from the version presented in the previous ARM filing for TPUC Docket No. 22-00032.

**RESPONSE:**

The CAM describes the application of cost allocation practices and methodologies through GAS' accounting processes, and the recording and reporting through GAS' financial information systems. In 2022 GAS implemented Enterprise Foundations which introduces new information systems, while updating others. Thus, the CAM has been updated to reflect these changes.

Area	Application (old)	Applications (new)
ERP System	PeopleSoft, including PeopleSoft Financials and nVision	Oracle Fusion Cloud, Oracle Financials, Oracle Analytics Cloud Services (OACS), Oracle Transactional Business Intelligence (OTBI)
Supply Chain	Supply Chain Management (SCM)	Maximo
Human Resources	PeopleSoft Human Capital Management (HRMS)	Oracle Human Capital Management (Oracle HCM)
Taxes	Powertax Corptax Compliance Vertex O Series	Powertax Corptax Compliance Vertex Returns
Fixed Assets	PowerPlan	PowerPlan
	Work Management Information System (WMIS) Project Costing Tracking System (PCTS)	Asset Repository Management (ARM) Project Costing Tracking System (PCTS)
Revenue & Billing	Oracle Utilities Customer Care and Billing (CC&B)	Oracle Utilities Customer Care and Billing (CC&B)
	GOS/ICM/PeopleSoft Billing	GOS/ICM/Oracle Analytics Cloud Services (OACS)
	Revenue Business Intelligence (RBI)	Revenue Business Intelligence (RBI)
Budgeting	Oracle Planning	Oracle Planning

*Witness:* Tiffani Weems  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-11

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems. Specifically refer to the various intercompany agreements provided in Files <Schedule 35.01a ASC-CGC Services Agreement (CONFIDENTIAL).pdf>, <Schedule 35.01b ASC-SCS Services Agreement (CONFIDENTIAL).pdf>, <Schedule 35.01c Money Pool Agreement (CONFIDENTIAL).pdf>, and <Schedule 35.01d Southern Company Income Tax Allocation Agreement (CONFIDENTIAL).pdf>. Highlight and describe the reason for any changes to these intercompany agreements from the version presented in the previous ARM filing for TPUC Docket No. 22-00032.

**RESPONSE:**

- AGSC-CGC Services Agreement. No updates/amendments in 2022.
- AGSC-SCS Services Agreement. No updates/amendments in 2022.
- Money Pool Agreement. No updates/amendments in 2022.
- SCS Tax Allocation Agreement. On November 2, 2022, the Company executed a revised income tax allocation agreement, which replaces the income tax allocation agreement dated December 29, 1981, and which memorializes the process used to allocate federal and state income taxes. Below are changes which were made in the new income tax allocation agreement.
  1. Revised agreement reflects the current provisions of the Internal Revenue Code and applicable state and local tax laws, and the Companies' current operating structure.
  2. Reword definitions to more clearly define terms used in the income tax allocation agreement.
  3. Removed reference to the Public Utility Holding Act of 1935, which is repealed.
  4. Added a state section (Article IV) to define the process for allocating state income taxes.
  5. No future amendments will be necessary to add new legal entities to the agreement – they are now automatically bound by the terms of the agreement.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-12

QUESTION:

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.05 EDIT Bal Act Workpapers (2022).xlsx>. Specifically refer to the "EDIT Summary" tab, cell K15, which shows Excess Deferred Tax Liability Amortization of \$-476,577. Reconcile this amount with File <CGC Weems Exhibit TW-1.xlsx>, tab "Schedule 9", cell K46 of which shows \$-474,592.

RESPONSE:

The difference in the ARM model (CGC Weems Exhibit TW-1) Schedule 9 EDIT amortization and Schedule 35.05 EDIT amortization is due to a topside recorded to the GL in December 2021. The EDIT activity in Schedule 35.05 is based on a comparison of the year-over-year December ending balances. The 2021 EDIT subledger balance does not reflect the topside recorded to the GL in December. A reconciliation of Schedule 35.05 EDIT amortization and the ARM model Schedule 9 EDIT amortization is provided below.

2021 Federal Depreciation Difference EDIT	(12,519,874.00)
2022 Federal Depreciation Difference EDIT	(12,043,296.64)
EDIT Amortization	<u>(476,577.36)</u>
2021 Topside	1,986.43
2022 EDIT activity reflecting GL topside	(474,590.93)

\*GL topside amount is 1,986.43, grossed up for taxes it is 2,689.27.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-13

QUESTION:

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.07 ADIT Workpapers.xlsx>. Specifically refer to the "Schedule 35.7 (Summary)" tab, cells A117 to AM121 regarding the accumulated deferred income tax ratemaking adjustments for 2022 and showing an end-of-period balance of \$-1,255,684. Reconcile these monthly balances with the amounts included in File <CGC Weems Exhibit TW-1.xlsx>, tab "Schedule 2A1", cells E80 to Q80. Specifically, we note a \$200,457 difference in the monthly balances for January 2022 through October 2022.

RESPONSE:

Upon review the Company discovered that Schedule 35.07 contained a formula error. The Company has corrected this error on Schedule 35.07. Please see CA 4-13 Attachment A for a corrected copy of Schedule 35.07. Additionally, CGC Weems Exhibit TW-1, Schedule 2A1, has also been updated to reflect this correction. The impact of this change is a decrease to the deficiency of \$12K.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-14

**QUESTION:**

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.08 Other Revenue Query (WP).xlsx>. Specifically refer to the "Schedule 35.8" tab, cells I33 to M33 regarding monthly damage billing revenues for August 2022 through December 2022. Provide the source and support for these amounts which appear as hard-coded values.

**RESPONSE:**

Please see the Company's response to CA 1-19.

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



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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-15

QUESTION:

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.08 Other Revenue Query (WP).xlsx> regarding monthly damage billing revenues for May 2022 through September 2022. Reconcile the amounts for damage billing on this schedule with these same months from File <CGC Weems Exhibit TW-1.xlsx>, tab "Schedule 18".

RESPONSE:

Upon review the Company determined that there was an error on Schedule 18. The Company has made this correction, along with the correction noted in CA 1-19 in CGC Weems Exhibit TW-1.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-16

**QUESTION:**

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.11 Annual Pipeline Replacement Program Budget.xlsx> regarding the Pipeline Replacement Program Annual Budget for 2023. Confirm the amounts for the projected installs and retirement footages. Specifically, these amounts appear to be copied over from Schedule 35.11 in TPUC Docket No. 22-00032

**RESPONSE:**

Please see CA 4-16 Attachment A for and updated copy of Schedule 35.11.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-17

QUESTION:

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.13 -ASC Other Revenue Query (WP).xlsx> regarding the calculations for the removal of non-allocable net AGL-SC Plant and CWIP. Specifically refer to "Tab 2", cells A1097 to M1146 regarding the excluded amounts relating to the operating lease. Explain why these excluded operating leases are not aggregated in the totals in cells K1998 to M1998.

RESPONSE:

Operating lease assets are not aggregated in the Cells K1998 to M1998 since they are not included in the accounts that make up the allocated AGSC plant. A reconciliation is provided at the bottom of Tab 2 between the allocable sub-ledger details in Tab 2 and the balance sheet accounts in Tab 5. Also, Operating lease assets are generally offset by a lease obligation and not included as part of allocated AGSC plant. In January 2019, the Company implemented the new lease accounting and reporting standard ASC 842 - Leases. The new lease standard does not have any significant impact on the income statement as lease expense amounts are the same as they were under the old standard. As for the balance sheet, the implementation of the standard resulted in the recognition of right of use (ROU) asset accounts and corresponding lease liabilities for operating leases, the type of which substantially all of AGSC's leases are comprised. Unlike other forms of assets, the ROU asset does not represent invested cash, only the theoretical asset to offset the newly recognized liability. Tab 2 reflects the ROU assets while the liability is shown on the balance sheet in Tab 5.

*Witness:* Tiffani Weems  
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Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-18

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 35.16a Lobbying WP.xlsx>. Specifically refer to the "Summary" tab regarding the pivot table lobbying expense from August 2022 to December 2022. In this pivot table, the Company has reported the "Burdened Cost" instead of the "Net Burdened Cost". Explain the Company's rationale for using "Burdened Cost" since it does not appear to distinguish between debit and credit entries in the total monthly balance.

**RESPONSE:**

Upon review the Company has determined that the pivot table analysis of the data is incorrectly filtered on "Burdened Cost". The correct total balance should be based on "Burdened Cost (Debit)". The data set reflects the movement of balances between cost pools, with the burdening process reclassing those costs to follow labor charges. Because of this the total costs for the project would be reflected in the debit column, whereas the other columns would reflect and/or net the movement.

Please see CA 4-18 Attachment A for an updated Schedule 35.16a. Additionally, CGC Weems Exhibit TW-1, Schedule 24.1 has been updated to reflect these changes. The impact is a \$27K increase to the deficiency.

*Witness:* Tiffani Weems  
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Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-19

**QUESTION:**

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 23.2 - ASC Monthly Invoice 2022 (CONFIDENTIAL).xlsx> regarding the monthly AGL-SC affiliate invoices. Specifically refer to the tabs in this spreadsheet for August 2022 to December of 2022. Provide the data source that produces the pivot tables included on these tabs.

**RESPONSE:**

The August through December invoices shown on Schedule 23.2 are extracted directly from the Oracle Analytics Cloud Solution. This 'table style' is the Company's new format for affiliate invoices.

*Witness:* Tiffani Weems  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-20

**QUESTION:**

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <Schedule 23.3 - CGC Monthly Invoice 2022.xlsx> regarding the CGC monthly invoices from AGL-SC. Specifically refer to the tabs in this spreadsheet for August 2022 to December of 2022. Provide the data source that produces the pivot tables included on these tabs.

**RESPONSE:**

The August through December invoices shown on Schedule 23.3 are extracted directly from the Oracle Analytics Cloud Solution. This 'table style' is the Company's new format for affiliate invoices.

*Witness:* Tiffani Weems  
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Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-21

**QUESTION:**

Explanation. Refer to the Company's response to Consumer Advocate DR No. 1-9 regarding LNG Inventory. The Company's response indicates that the inventory amount includes an "LNG Presentation Reclass Balance" of \$980,962 related to a non-plant item included in Chattanooga Gas's Acquisition Adjustment. Describe the Acquisition Adjustment more fully, including how it was calculated and the accounting support authorizing it to be recorded in the Company's books.

**RESPONSE:**

This adjustment is related to the 1986 purchase of CGC by AGL. The purchase price was in excess of the book value and the acquisition adjustment was recorded. The acquisition adjustment is recorded in accordance with GAAP for financial purposes. However, it is not recorded or recognized for regulatory purposes. The exclusion of this adjustment in the Company's rate base calculation is in accordance with Docket 97-00982, whereas CGC was denied the request to include this adjustment in rate base.

*Witness:* Tiffani Weems  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-22

**QUESTION:**

Explanation. Refer generally to the approval of a Special Contract in TPUC Docket No. 21-00094. In the Company's previous ARM filing from TPUC Docket No. 22-00032, the Commission approved a rate increase for this Special Contract customer. However, the Company has not made a tariff filing (public or otherwise) to reflect this increase in the Special Contract rate. As a result, there appears to be no official documentation of the current rate charged for this Special Contract customer. Provide the Company's position on how the rates for this Special Contract customer will be documented in this ARM docket and future dockets.

**RESPONSE:**

Going forward, the Company will file a confidential amendment to the Special Contract from TPUC Docket No. 21-00094 to reflect any rate increase approved as part of an ARM docket.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
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-4**

CA 4-23

QUESTION:

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 14.1" tab, cells AP55 to BA55 regarding the "Utility Plant in Service - Adj" class for the "Gross Plant Balance" with a 13-month average balance of \$97,484. Provide the source and support for these amounts which appear as unreferenced hard-coded numbers.

RESPONSE:

There are topside entries recorded to the general ledger resulting in a difference between the subledger and general ledger. The Utility Plant in Service - Adj activity has been included in Schedule 14.1 such that the subledger details reconcile to plant accounts included in rate base. For the amounts in columns AX-BA, please reference Schedule 2A1, account 10100005 Plant in Service Topside. The amounts in columns AO-AQ reflect a reclass from plant-in-service and accumulated reserve. An identical entry is included in columns AO-AQ on Schedule 14.2.

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

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-24

QUESTION:

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 14.1" tab, cells AP55 to BA55 regarding the "Utility Plant in Service - Adj" class for the "Gross Plant Balance" with a 13-month average balance of \$97,484. Provide the source and support for these amounts which appear as unreferenced hard-coded numbers.

RESPONSE:

Please see the response to see CA 4-23.

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

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-25

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 2A1" tab, cell N14 which shows Chattanooga Gas Company total plant in service for September 2022 of \$394,968,424. Next refer to the "Schedule 14.1" tab, cell AX57 which shows Chattanooga Gas Company total plant in service for September 2022 of \$393,816,224. Reconcile these two amounts and provide updated schedules where necessary.

**RESPONSE:**

There are topside entries recorded to the general ledger, resulting in the difference between the subledger and general ledger. Schedule 14.1 has been updated to reflect this.

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

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-26

**QUESTION:**

Reconciliation. Refer to File <CA 1-22 Attachment A.pdf> provided by the Company in response to Consumer Advocate DR No. 1-22. Specifically refer to page 1 regarding the DOT Report showing total service lines of 82,719. Next refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>, tab "Schedule 14.3", cell H8 showing total service lines of 82,288. Reconcile these two amounts and provide updated schedules where necessary.

**RESPONSE:**

The 82,288 count of service lines in cell H8 of Schedule 14.3 of Weems Exhibit TW-1.xlsx is incorrect and has been updated to 82,719 as reflected in the DOT Report.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-27

QUESTION:

Reconciliation. Refer to the File <CA 1-24 Attachment A.xlsx> provided by the Company in response to Consumer Advocate DR No. 1-24. Specifically refer to the "Margin Review" tab, cell F13 that provides the billed therms value of 3,647,263 for January 2023. It appears that the Company has used an incorrect formula in this cell and that the correct value should be 5,547,073 from the "Therms" tab of this same spreadsheet. Reconcile these two amounts and provide updated schedules where necessary.

RESPONSE:

The formula for Cell F13 of the "Margin Review" tab of CA 1-24 Attachment A.xlsx provided by the Company in response to Consumer Advocate DR No. 1-24, is incorrect. Once correctly linked to the value of 5,547,073 on the "Therms" tab of the same file, the billed and unbilled volume total for January 2022 is 9,194,336 Therms. Cell D12 of Schedule 15 of Weems Exhibit TW-1.xlsx has been updated to reflect this total, as well as Cell E13 of Schedule 15.1 of the same file.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
Southern Company Gas

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-28

**QUESTION:**

Reconciliation. Refer to the File <CA 1-24 Attachment A.xlsx> provided by the Company in response to Consumer Advocate DR No. 1-24. Specifically refer to the "Margin Review" tab, cells F100 to Q100 that provide the T-1 total revenue of \$1,536,718 for 2022. It appears that the Company has used an incorrect formula in these cells that add the "Capacity Therms" to the revenue amounts. Review these calculations and provide updated schedules where necessary.

**RESPONSE:**

Cells F100 to Q100 in 'CA 1-24 Attachment A' provided by the Company in response to Consumer Advocate DR No. 1-24 incorrectly include "Capacity Therms" from row 95 in the Revenue Total amounts leading to Total Revenue for 2022 of \$1,536,718. After correcting the formula, Total Revenue is \$1,431,171, which agrees to Cell P393 of Schedule 15 of Weems Exhibit TW-1.xlsx, and therefore no adjustment is needed to Weems Exhibit TW-1.xlsx.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
Southern Company Gas

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-29

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 15" tab, cells O76 to O77 which show Rate Schedule C-1 bills and usage of 6,639 and 752,740 respectively. Next refer to the File <CA 1-24 Attachment A.xlsx> provided by the Company in response to Consumer Advocate DR No. 1-24. Specifically refer to the "Margin Review" tab, cells Q46 to Q47 which show C-1 bills and usage of 6,826 and 1,009,902 respectively. Reconcile these amounts and provide updated schedules where necessary.

**RESPONSE:**

Cells O76-O77 of Schedule 15 of Weems Exhibit TW-1.xlsx are incorrect and have been revised to agree to Cells Q46 and Q47-Q48, 6,826 billing units and 1,575,040 Therms respectively, in 'CA 1-24 Attachment A' provided by the Company in response to Consumer Advocate DR No. 1-24. The same revision has been made to Schedule 15.1 of Weems Exhibit TW-1.xlsx to Cells P77 and P78.

*Witness:* Ashley Vette  
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Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-30

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 15" tab, cells D98 to O98 which show Rate Schedule C-1 A/C bills for each month of 2022. Next refer to the File <CA 1-24 Attachment A.xlsx> provided by the Company in response to Consumer Advocate DR No. 1-24. Specifically refer to the "Margin Review" tab, cells F58 to Q58 which show C-1 A/C bills for each month of 2022. Reconcile these amounts and provide updated schedules where necessary.

**RESPONSE:**

Cells D98 and O98 on Schedule 15 and Cells E99 and P99 on Schedule 15.1 of Weems Exhibit TW-1.xlsx are incorrect and have been revised to agree with Cells F58 through Q58 on the "Margin Review" tab of the CA 1-24 Attachment A.xlsx provided by the Company in response to Consumer Advocate DR No. 1-24.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
Southern Company Gas



**Chattanooga Gas Company**  
**Docket No. 23-00029**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-31

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 15" tab, cells D126 to O126 which show Rate Schedule C-2 volumes (billed and unbilled) for 2022 of 36,859,210. Next refer to the File <CA 1-24 Attachment A.xlsx> provided by the Company in response to Consumer Advocate DR No. 1-24. Specifically refer to the "Margin Review" tab, cells F69 to R708 which show total C-2 volumes (billed and unbilled) for 2022 of 27,764,412. Reconcile these amounts and provide updated schedules where necessary.

**RESPONSE:**

Cells E126 to O126 of Schedule 15 of Weems Exhibit TW-1.xlsx are incorrect and have been revised to agree to Cells the sum of Rows 68-69 for columns G through Q of 'CA 1-24 Attachment A' provided by the Company in response to Consumer Advocate DR No. 1-24. The same revision was made to Cells F127 through P127 of Schedule 15.1 of Weems Exhibit TW-1.xlsx.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-32

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 15" tab, cells D170 to P170 which show Rate Schedule T-3 Demand Determinants for 2022 of 46,812 Dkt. Next refer to the File <CA 1-24 Attachment A.xlsx> provided by the Company in response to Consumer Advocate DR No. 1-24. Specifically refer to the "Margin Review" tab, cells F84 to R84 which show total T-3 Demand Determinants for 2022 of 442,251 therms. Reconcile these amounts and provide updated schedules where necessary.

**RESPONSE:**

The total of 442,251 Therms (44,225 Dths) on the Margin Review tab of CA 1-24 Attachment A.xlsx provided by the Company in response to Consumer Advocate DR No. 1-24 is correct. CGC Weems Exhibit TW-1 Schedules 15 and 15.1 have been revised to include 44,225 Dths consistent with the Margin Review tab in the response to CA 1-24 Attachment A.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
Southern Company Gas

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-33

QUESTION:

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1.xlsx>. Specifically refer to the "Schedule 28" tab, cell E13 regarding the 2022 Group Insurance - Medical expense of \$490,691 for both 2022 and 2021. Provide the source and support for these unreferenced hard-coded amounts.

RESPONSE:

The 2022 Group Insurance – Medical Expense of \$490,691 is based on the 2021 Group Insurance – Medical Expense costs. In Oracle, account 92600360 - Empl P&B-Ben-Grp Ins includes all insurance costs such as medical, dental, vision, pharmacy, etc. As such, a decision was made to use prior years Group Insurance - Medical expense to normalize the costs. Please note that the Company has proposed this normalization adjustment since medical insurance costs can vary considerable year-over-year. The medical insurance normalization adjustment is not a prescribed normalization adjustment per the ARM Order but has been put forth and included by the Company in all of its ARM filings. 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.

Please see CA 4-33 Attachment A for support of FY18-FY21 totals.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-34

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1 (Updated 6-02-2023).xlsx>. Specifically refer to Tab "Schedule 5", Cell N26. The formula in this Cell appears to aggregate a total of 13 months of ARM Amortization to produce \$8,481,690 instead of the \$7,853,518 amount shown on Tab "Schedule 2A1". Reconcile these amounts and provide updated schedules where necessary.

**RESPONSE:**

In the Schedule 5 normalization adjustment for the ARM amortization, the Company removed 13 months of activity consistent with the adjustment in the 2021 ARM filing. However, only 12 months of ARM deficiency amortization should be removed in this ARM as this was the total ARM amortization recognized in the 2022 historic base period. Due to the one-month delay in rates in the ARM filed in 2020, there were 13 months of ARM amortization in the 2021 historic base period. The Company will update Schedule 5 for the removal of 12 months of ARM amortization in the amount of \$7,853,518. The Company will submit an updated ARM model, Exhibit TW-1, reflecting recent corrections and updates identified through discovery including this correction.

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

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-35

**QUESTION:**

Reconciliation. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1 (Updated 6-02-2023).xlsx>. Specifically refer to Tab "Schedule 28", Cell G49 regarding the Company's Gas Inventory adjustment of -4,906,977, which appears to be calculated as follows:

Item	2020	2021	2022	Average
Acct 145700	3,151,978	4,257,785	8,530,369	
Acct 145720	913,329	1,307,409	2,779,181	
Acct 145900	3,692,534	3,668,165	5,527,477	
Acq Adjust.	0	0	-980,962	
<b>Total</b>	<b>7,757,841</b>	<b>9,233,359</b>	<b>15,856,065</b>	<b>10,949,088</b>

Item	Amount
3-Year Average Balance	10,949,088
2022 Amount	15,856,065
<b>Total</b>	<b>-4,906,977</b>

Explain why the Company has not considered the impact of the Acquisition Adjustment for the 2020 and 2021 inventory balances.

**RESPONSE:**

Please see CA 4-35 Attachment A, account 16420000 includes an acquisition adjustment balance in the amount of \$980K. The Company removed the acquisition adjustment balance from account 16420000 as this amount should not be included in rate base.

In 2020 and 2021, prior to the implementation of Enterprise Foundations, the acquisition adjustment balance was separately identified in account 145901. The balance in this account was not included in rate base.

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

**Chattanooga Gas Company**  
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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-36

**QUESTION:**

Verification. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1 (Updated 6-02-2023).xlsx>. Specifically refer to Tab "Schedule 2", Cell L20, which shows the Company's normalization adjustment to working capital of \$868,319. It appears that the Company has incorrectly used the test period working capital as the normalization adjustment. Review this formula and provide updated schedules where necessary.

**RESPONSE:**

Upon review, the Company agrees that there is an error in the working capital normalization adjustment presented in Schedule 2. The Company will submit an updated ARM model, Exhibit TW-1, reflecting recent corrections and updates identified through discovery including this correction.

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

**Chattanooga Gas Company**  
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**Chattanooga Gas Company's 2022 Annual Rate Review**

**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-37

QUESTION:

Source & Support. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1 (Updated 6-02-2023).xlsx>. Specifically refer to Tab "Schedule 7", Cell K26, which shows the Rate-Making Adjustments for AGL-SC Allocations of \$-2,126,204. The formula for this Cell includes an unreferenced hard-coded adjustment of \$-70,512. Provide the source and support for this adjustment.

RESPONSE:

The adjustment included in Schedule 7, cell K26 of \$70,512 is the total amount of departmental cost voluntarily removed as discussed in the Company's response in CA 3-30 through CA 3-32.

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

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**CONSUMER ADVOCATE'S Discovery Requests Set: CA-4**

CA 4-38

**QUESTION:**

Verification. Refer to the Direct Testimony of Tiffani Weems, File <CGC Weems Exhibit TW-1 (Updated 6-02-2023).xlsx>. Specifically refer to Tab "Schedule 6", Cells K15 and K16 regarding the C-2 and F-1/T-2 Normalization Adjustments of \$223,469 and \$1,283,503 respectively. It appears that the formulas for these two items refer to other revenue components. Verify that these amounts are appropriate and provide updated schedules where necessary.

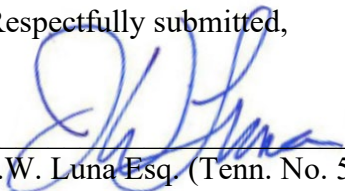
**RESPONSE:**

Cells K15 and K16 on Tab "Schedule 6" were incorrectly linked to Tab "Schedule 15.1" Cells Q152 and Q 166 respectively. Tab "Schedule 6" of Weems Exhibit TW-1 has been corrected with Cell K15 being linked to Tab "Schedule 15.1" Cell Q 166 and Tab "Schedule 6" Cell K16 linked to Tab "Schedule 15.1" Cell 289.

*Witness:* Ashley Vette  
Manager, Rates and Tariff Administration  
Southern Company Gas



Respectfully submitted,



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*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 15<sup>th</sup> day of June, 2023, upon:

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