

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

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

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This Fifth Set of Discovery Requests is hereby served upon Chattanooga Gas Company, Inc. ("CGC" or the "Company"), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Division of the Office of the Attorney General ("Consumer Advocate") requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate Division, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Mason C. Rush at a date and time to be determined by the parties.

**PRELIMINARY MATTERS AND DEFINITIONS**

This Fifth Set of Discovery Requests incorporates by reference the same Preliminary Matters and Definitions as set forth in the Consumer Advocate's First Discovery Request to Chattanooga Gas Company sent to the Company on May 5, 2023, are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

## **FIFTH SET OF DISCOVERY REQUESTS**

- 5-1. 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:

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

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:**

- 5-2. 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:

<b>Period</b>	<b>Company Calculation</b>	<b>CA Calculation</b>
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
<b>5-Year Average</b>	<b>\$410,805</b>	<b>\$495,143</b>
Less 2022 Amount	490,691	912,377
<b>Normalized Adjustment</b>	<b>\$-79,886</b>	<b>\$-417,234</b>

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.

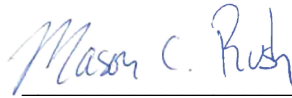
- b. Note that the Company's response to Consumer Advocate DR No. 4-33 states in part that "The normalization adjustment has no impact on the historical test year deficiency or the requested \$6.8 million rate reset based on the voluntary rate cap." Is it not true that any normalization costs, not considered 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:**

- 5-3. 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.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



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**TPUC Docket No. 23-00029**

*CA's 5<sup>th</sup> Set of Discovery*

**CERTIFICATE OF SERVICE**

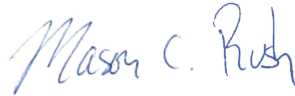
I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail,  
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This the 20th day of June 2023.



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**MASON C. RUSH**  
Assistant Attorney General