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IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE: **CHATTANOOGA GAS COMPANY'S PETITION FOR APPROVAL OF ITS 2023 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)**	))))))))	**DOCKET NO. 24-00024**

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

Chattanooga Gas Company ("CGC" or "Company") files these Responses and Objections to the Second Set of Discovery Requests of the Consumer Advocate Division of the Office of the Attorney General ("Consumer Advocate") filed May 24, 2024.

To assist the Hearing Officer in evaluating this matter, CGC is setting forth its objections and Responses in two parts. Part I sets forth general objections applicable to CGC's discovery Responses. Part II sets forth objections to specific discovery requests propounded by the Consumer Advocate.

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 23, 2024, by marking the information as confidential. CGC is acting in good faith reliance on the Consumer Advocate's compliance with the Protective Order.

SECOND SET OF DISCOVERY REQUESTS

See the following pages for each specific discovery response.

Chattanooga Gas Company
Docket No. 24-00024
Chattanooga Gas Company's 2023 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-1

QUESTION:

Source & Support. Refer to <2024-04-18z CGC Weems Exhibit TW-1> as filed with the Company's Petition. Specifically, refer to Schedules 24 and 7.1. The Consumer Advocate is unable to trace the proposed adjustment ($228,891) from Schedule 24 to Schedule 7.1. Provide the support or where this adjustment is applied to the historic base period used in the computed revenue requirement.

RESPONSE:

The adjustment on Schedule 24 can be traced to Schedule 7.1 via Schedule 24.1. The Adjustment can be found on Schedule 7.1 cell L111. However, upon review of the discovery, the Company determined that the formula on Schedule 7.1 is incorrectly doubling the adjustment. The Company has corrected the adjustment. This correction will result in an to increase to the deficiency and rate reset by approximately $228K.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 24-00024
Chattanooga Gas Company's 2023 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-2

QUESTION:

Explanation. Refer to the Company's Trial Balance as filed with its Petition. Specifically, refer to the following year-to-date actuals for the following expenses in Account 87400100 and provide explanations to the following questions:

Account and Description	**Resource Type**	**Department and Department Description**	**YTD Actuals**
87400100 Mains Operations	KCS: Contract Services-Routine	ASC1020: President and CEO	741,077.00
87400100 Mains Operations	KAC: Contr Lab & Exp-On Site-Unassigned Liab	ASC1020: President and CEO	(150,121.93)

a. A comprehensive narrative description of what these contracted services provided; and

b. A narrative explanation whether these costs were assigned to any other entity besides CGC.

RESPONSE:

a. CGC has a proactive cross bore inspection program that uses CCTV sewer camera inspection contractor services to investigate third party sewer facilities historically not captured under the 811 program to identify and remediate existing gas line cross-bores. This program supports the regulatory requirement that "[e]ach main must be installed with enough clearance from any other underground structure to allow proper maintenance and to protect against damage that might result from proximity to other structures" in Section 192.325(b) Code of Federal Regulations (CFR) ("Underground Clearance"). The cross-bore inspection program is a component of the Company's Distribution Integrity Management Plan.

b. These costs were only assigned to CGC.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-3

QUESTION:

Explanation and Source & Support. Refer to the Company's Trial Balance as filed with its Petition. Specifically, refer to the following year-to-date actuals for the following expense in Account 923 and provide answers to the following:

Account and Description	**Dept and Dept Description**	**Target Cost Center**	**Product/Service Provider**	**YTD Actuals (C)**
92300000: Outside Services Employed Account	SCS0702: President & CEO	CEOOF: Office of the CEO	CREXEC: Corporate Service Providers - Executive	36,185

a. A comprehensive narrative description of the services provided;
b. A copy of contract for services; and
c. A copy of any final written work product or report provided by the contractor/consultant.

RESPONSE:

The Southern Company President and CEO provides leadership for all aspects of the Company's operations and is responsible for the overall strategy, operations management, and execution for all Southern Company entities. Expenses are allocated to every Southern Company operating entity.

Witness: Tiffani Weems
Manager, Regulatory Accounting
Southern Company Gas

Chattanooga Gas Company
Docket No. 24-00024
Chattanooga Gas Company's 2023 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-4

QUESTION:

Explanation and Source & Support. Refer to the Company's Trial Balance. Specifically, refer to account 84100100-Oper Exp-Other Storage. The Consumer Advocate notes the following ratio for labor and overtime:

Resource Type	Oper Exp-Other Storage 84100100	Ratio
LEN: Overtime-Non Covered	222,398	38%
LSN: ST Labor Non-Covered Empl	364,152	62%
Total	**586,550**	100%

Provide answers to the following:

a. A narrative explanation of what conditions led to this level of overtime;
b. Provide any internal documents or other communications reporting why this level of overtime was necessary; and
c. A narrative explanation of if this overtime labor was incurred in response to an emergency. If so, describe the nature of the event given rise to the emergency and the overtime.

RESPONSE:

a. Operators at the Chattanooga LNG Facility work on a 5 operator DuPont schedule, i.e., four twelve-hour shifts. Because of this, overtime is expected. However, due to staffing challenges, the Chattanooga LNG facility experienced an increase in overtime during the first half of 2023. By July 2023, the facility was back to full staff.
b. As explained above, overtime levels are a result of the operators work schedules and staffing challenges. The Company does not have any internal documents or communications that provide further explanation on overtime at the LNG facility.
c. Overtime labor was not a result of an emergency.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Chattanooga Gas Company
Docket No. 24-00024
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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-5

QUESTION:

Identification. Refer to Schedule 19.3 as filed with the Company's Petition. Specifically, refer to departmental charges relating to ASC1413: Office Diversity & Inclusion. Identify the nature of costs charged to the Office of Diversity and Inclusion. Explain how these costs were quantified.

ASC1413 Office Diversity & Inclusion	
Allocated Transaction	
40810020	553
92000000	7,059
92100000	399
92300000	1,434
92600020	15
92600155	367
92600210	247
92600305	761
92600420	(1)
ASC1413 Office Diversity & Inclusion Tota	**10,833**

RESPONSE:

The Office of Diversity and Inclusion supports the company's DE&I vision and mission across the 5 key focus areas of the business-Workplace Culture; Talent Acquisition; Talent Development; Community Engagement; Supplier Inclusion. The Office of DE&I also manages the Company's Employee Resource Programs (ERGs). The expenses are allocated to all GAS entities based on ASC allocation methodologies.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Chattanooga Gas Company
Docket No. 24-00024
Chattanooga Gas Company's 2023 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-6

<u>QUESTION:</u>

Identification. Identify the number of CGC employee hours spent in Diversity, Equity, and Inclusion ("DEI") in-person training in 2023.

<u>RESPONSE:</u>

DE&I trainings are optional, and employees can complete virtual or in-person DE&I trainings. The voluntary participation of DE&I trainings (virtual or in-person) and other engagements are not tracked.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Chattanooga Gas Company
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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-7

QUESTION:

Identification. Identify the number of CGC employees who completed software-delivered DEI training packages where employees reviewed online information and confirmed completion of the training/educational package in 2023.

RESPONSE:

Please see the Company's response to CA 2-6.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Chattanooga Gas Company
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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-8

QUESTION:

Explanation. Refer to Schedule 19.3 as filed with the Company's Petition. Specifically refer to the following allocated charges from department "ASC1281 Sustainability & Energy Policy" and provide narrative explanations for the following:

ASC1281 Sustainability & Energy Policy	
Allocated Transactions	
40810020	1,520
91300000	94
92000000	25,518
92100000	3,673
92300000	9,705
92600020	40
92600155	1,222
92600210	643
92600305	1,999
92600420	2
Direct Assigned	
40810020	46
91300000	5,866
92000000	999
92600020	2
92600155	70
92600210	27
92600305	91
ASC1281 Sustainability & Energy Policy Total	**51,518**

a. The duties and responsibilities of this department;
b. The areas of energy policy covered;
c. The goals of this department;
d. Whether any of this department's costs are recorded below the line; and
e. What "Sustainability" means for the Company

RESPONSE:

a. The Sustainability and Energy Policy department (1281) designs, manages, and implements sustainability programs, solutions, and initiatives for Southern Company Gas and its subsidiaries, including Chattanooga Gas Company (CGC). This includes energy efficiency, greenhouse gas emissions mitigation, renewable energy deployment, and other initiatives designed to benefit customers and support sustainability in the communities in which we operate. Additionally, 1281 provides policy analysis for CGC, analyzing and developing strategy to adapt the business to federal, state and local rulemakings and policy that affect customer and business operations. By leveraging the shared services model, dept. 1281 provides these services without the need for dedicated FTE's at CGC, while leveraging synergies and best practices throughout Southern Company Gas to improve efficiencies and other benefits for CGC customers.

b. Please reference Part a (above).
c. Please reference Part a (above).
d. All of the accounts listed above are recorded above the line.
e. For CGC, Sustainability means effectively engaging with a broad range of stakeholders to develop strategic solutions that will enable the Company's engagement in an evolving energy economy and create long-term value for our customers and the communities we serve.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Chattanooga Gas Company
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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-9

QUESTION:

Explanation and Source & Support. Refer to the Company's Trial Balance as filed with the Company's Petition. Specifically, refer to the following year-to-date actuals for the following expense in Account 92800100 and provide the following:

Account and Description	**Dept and Dept Description**	**Target Cost Center**	**Product/Service Provider**	**YTD Actuals (C)**
92800100: Reg Commis-St-Docket	ASC1692: Rates & Regulatory - SOPS	RTREG: Rates & Regu	000000: No Product	206,944

a. A copy of the contract governing services provided by the contractor;
b. A comprehensive discussion of services provided by the contractor; and
c. A copy of all final reports and workpapers produced from the contractor as a result of these services.

RESPONSE:

The $206,944 recorded to account 92800100, Dept ASC1692 is an amortization of the 2017/2018 rate case expense to be amortized over 5 years, as approved in Docket No. 18-00017. The Commission approved the rate case expense of $1,241,665 to be recovered over a five-year period, ending October 2023.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-10

QUESTION:

Explanation and Source & Support. Refer to Schedule 19.3 as filed with the Company's Petition. Specifically refer to the following allocated charges from department "SCS0702 President & CEO" to Account 92300000 and provide the following:

SCS0702 President & CEO	
Allocated Transaction	
92300000	125,152
SCS0702 President & CEO Tota	**125,152**

a. Provide a comprehensive discussion of services provided;

b. Provide a copy of the contract governing the services provided by the contractor; and

c. Provide a copy of any final reports and workpapers produced by the contractor.

RESPONSE:

Please see the Company's response to CA 2-3.

Witness: Tiffani Weems
Manager, Regulatory Accounting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-11

QUESTION:

Source & Support. Provide the average cost of service lines installed by year for the period 2020 – 2023.

RESPONSE:

Please see table below.

	Services (cost per service line)			
	2020	2021	2022	2023
New Business	$1,076	$1,161	$1,708	$2,952
Replacement	$5,394	$3,670	$5,236	$5,146
Total	$1,255	$1,210	$1,865	$3,274

Witness: Tiffani Weems
Manager, Regulatory Accounting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-12

QUESTION:

Source & Support. Provide the average cost of newly installed Main per mile by year for the period 2020 – 2023.

RESPONSE:

Please see table below.

	Mains (cost per mile)			
	2020	2021	2022	2023
New Business	$122,021	$101,174	$188,364	$242,806
Replacement	$659,589	$1,506,766	$1,562,176	$1,084,543
Total	$473,347	$850,931	$929,303	$670,857

Witness: Tiffani Weems
Manager, Regulatory Accounting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-13

QUESTION:

Source & Support and Explanation. Provide an account of all contacts, direct or indirect by and from BlackRock, Inc. ("BlackRock") or any other investment management firm regarding the imposition or attempts to impose or suggest Environmental, Social and Governance ("ESG") goals on CGC or its parent and affiliates.

a. Provide the dates when such contact(s) took place;

b. Provide a description of all occurrences when CGC or its parents or affiliates, including Southern Company, implemented any ESG goals or practices, including but not limited to carbon net zero or carbon reduction, and votes on board members whether as a result of contact from BlackRock or other investment management firm;

c. Provide an accounting of all costs incurred or allocated to CGC resulting from the implementation of ESG goals or standards;

d. Provide a copy of all communication received from any employee of BlackRock regarding adoption of ESG goals or initiatives by The Southern Company during the period 2020 – 2023; and

e. Provide a copy of all information presented to the Southern Company Board of Directors regarding ESG related proposals and/or progress in achieving ESG goals for the period 2022 – 2023.

RESPONSE:

Southern Company has engaged in discussions with members of BlackRock's investor stewardship team for many years. In recent years, these have included discussions of Southern Company's approach to the energy transition and Board oversight of these risks and opportunities. During our regular governance-focused engagements with BlackRock, or any other investment management firm, they do not dictate ESG strategy or a course of action to Southern Company. Rather, investment management firms seek to understand how Southern Company's management is addressing risks and opportunities related to decarbonization and how the Board of Directors oversees these risks and opportunities on behalf of shareholders. During these engagements, Southern Company highlights the importance of the state regulatory structure in our jurisdictions, including interactions with our Public Service Commissions regarding utility investments.

Southern Company notes that utility investments and plans result from a robust planning process and that reliability, resilience and affordability for customers are primary considerations.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-14

QUESTION:

Explanation and Source & Support. Refer to the response to Consumer Advocate DR No. 1-08 and respond to the following questions:

a. Confirm that the relocation relates to hiring a new employee. If this is not confirmed, identify the former position held by the employee prior to the move and explain why the employee was located in Knoxville;
b. The response provides a list of benefits covered by the Company. Itemize the costs identified in Schedule 35.23 by type of benefit identified in response to Consumer Advocate DR No. 1-08; and
c. Provide the annual compensation associated with this employee.

RESPONSE: This response is Confidential and being filed under seal.

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-15

QUESTION:

Source & Support and Explanation. Provide the ESG scorecard or Data Table for Southern Company for the past five years.

a. Provide a narrative account of any contributions, reports, or information provided by or made by CGC in compiling the Southern Company scorecard or Data Table for the past three years; and
b. Describe whether BlackRock or any other investment management firm commented on or communicated with Southern Company regarding the ESG scorecard or Data Table.

RESPONSE:

a. Southern Company, with the support of its subsidiaries, provides a Sustainability Data Table (Please see Attachment CA 2-15a) that stakeholders use to obtain information about Southern Company on key sustainability topic areas including GHG emissions, operations data, water and waste data, supply chain information, workforce information and community impact. This is primarily aggregated information at the Southern Company level.

   Information related to CGC is included in this aggregated data and is not provided at the subsidiary level. For GHG emissions, disclosures are based on federal regulatory reporting standards and/or industry developed standards. Please review the footnotes on the Emissions tab of the data table for a full description.

b. Please refer to the Company's response to CA 2-13.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Sustainability Data Table

Data relating to environment, human capital, and operations is of increasing importance to our stakeholders. We continue to evaluate and enhance our reporting in response to investor feedback. The Sustainability Data Table to follow provides data for key areas of sustainability for the last three fiscal reporting years. All 2023 environmental data are **preliminary** and will be finalized in a midyear publication. For additional information regarding sustainability for the Southern Company system, please visit *https://www.southerncompany.com/sustainability.html.*

Environment

Metric	2023	2022	2021	2020	2019
Energy Use and Emissions					
Enterprise-Wide					
Reduction in greenhouse gas emissions since 2007 (percent)[1]	49 %	46 %	47 %	52 %	44 %
Scope 1 greenhouse gas emissions (million metric tons CO_2e)[2]	79.3	84.9	82.5	75.1	88.2
Alabama Power Company	27.2	34.2	34.1	28.0	32.0
Georgia Power Company	23.2	22.6	22.5	20.9	27.5
Mississippi Power Company	9.3	8.6	8.3	8.4	8.6
Southern Power Company	13.3	13.4	11.5	12.1	13.4
Southern Company Gas	1.6	1.5	1.5	1.4	1.3
SEGCO	0.9	0.8	0.6	0.8	1.6
Other	3.8	3.9	3.9	3.4	3.8
Scope 2 market-based greenhouse gas emissions (million metric tons CO_2e)[3]	0.2	0.2	0.2	0.2	0.2
Scope 2 location-based greenhouse gas emissions (million metric tons CO_2e)[4]	0.2	0.2	0.2	0.2	0.2
Scope 3 greenhouse gas emissions (million metric tons CO_2e)*		38.5	34.8	36.6	38.8
Purchased goods and services [5]		1.3	1.1	0	0
Capital goods [5]		1.0	1.2	0	0
Fuel-and-energy-related activities (not included in Scope 1 or 2) [6]		15.9	14.0	4.3	3.4
Upstream transportation and distribution [5]		0.03	0.03	—	—
Waste generated in operations [7]		0.02	0.03	0.01	—
Business travel [8]		0.020	0.013	0.004	—
Employee commuting [9]		0.03	0.03	0.03	—
Upstream leased assets [10]		0.02	0.02	0.02	0.09
Downstream transportation and distribution [11]		—	—	—	—
Processing of sold products [11]		—	—	—	—
Use of sold products [12]		20.2	18.4	32.2	35.3
End of life treatment for sold products [11]		—	—	—	—
Downstream leased assets [11]		—	—	—	—
Franchises [11]		—	—	—	—
Investments [13]		0.0001	0.0001	—	—
Electric					

Generation greenhouse gas emissions (million metric tons CO_2e)[14]	77.3	83.0	80.8	73.6	86.8
Generation greenhouse gas emissions intensity (metric tons CO_2e/net MWh)[15]	0.399	0.425	0.423	0.402	0.446
Non-greenhouse gas emissions and intensities:					
Generation NOx emissions (metric tons)	26,241	28,339	26,859	23,772	31,612
Generation NOx emissions intensity (metric tons/net MWh)[15]	0.00014	0.00015	0.00015	0.00014	0.00017
Generation SO_2 emissions (metric tons)	8,664	9,295	12,318	8,630	15,238
Generation SO_2 emissions intensity (metric tons/net MWh)[15]	0.00005	0.00005	0.00007	0.00005	0.00008
Generation lead emissions (kg)[16]*		281	303	264	360
Generation lead emissions intensity (kg/net MWh)[17]*		0.000002	0.000002	0.000002	0.000002
Generation mercury emissions (kg)[16]*		134	128	94	137
Generation mercury emissions intensity (kg/net MWh)[17]*		0.0000007	0.0000007	0.0000005	0.0000007
Greenhouse gas emission rates associated with power delivery by business division[18]:					
Alabama Power Company (metric tons CO_2e/MWh)	0.486	0.555	0.526	0.494	0.545
Alabama Power Company (lbs. CO_2e/MWh)	1,071	1,224	1,160	1,090	1,202
Georgia Power Company (metric tons CO_2e/MWh)	0.370	0.366	0.373	0.359	0.423
Georgia Power Company (lbs. CO_2e/MWh)	815	807	822	791	933
Mississippi Power Company (metric tons CO_2e/MWh)	0.474	0.458	0.458	0.456	0.453
Mississippi Power Company (lbs. CO_2e/MWh)	1,046	1,010	1,009	1,006	999

Gas

Emissions from fugitive methane (million metric tons CO_2e)[19]*		0.94	0.96	0.91	0.79
Distribution methane intensity ($MtCH_4$ emitted ÷ $MtCH_4$ delivered)[20]*		0.193	0.195	0.181	0.135

Southern Company is a holding company that conducts its business through its subsidiaries. Accordingly, unless the context otherwise requires, references in this document to Southern Company's operations, such as generating activities, greenhouse gas emissions and employment practices, refer to those operations conducted through its subsidiaries.

Occasionally, due to timing of data reports, additional information becomes available after report issuance. In these cases, we strive to update both current and prior data points when appropriate. Southern Company seeks to provide the most recent and accurate data in each of its voluntary sustainability reports. To this end, any new metrics included will be provide for the current reporting period. For broken out data, totals may not sum due to rounding.

* Certain 2023 metrics will not be available until later in the year. The Sustainability Data Table will be updated as this information becomes available.

[1] In 2023, the Southern Company system reduced greenhouse gas (GHG) emissions by 49% from 2007 levels. The system expects to achieve GHG reductions of greater than 50% as early as 2025, a full five years earlier than our interim goal, and remain close to 50% through the late 2020s followed thereafter by continued reductions. Southern's 2023 GHG emissions decreased when compared to 2022 as coal generation was displaced by lower carbon generation including from Plant Vogtle Unit 3.
[2] 2023 Scope 1 Emissions are PRELIMINARY. Southern Company system's GHG emissions are calculated using the equity share approach presented in the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) GHG Protocol for all of its owned assets. The GHG emissions included are Scope 1 direct facility emissions that are required to be tracked by U.S. Environmental Protection Agency's (EPA) Greenhouse Gas Reporting Program (GHGRP) and calculated using methods required by the GHGRP. Additional emissions sources for the gas distribution sector are also included consistent with EPA's Greenhouse Gas Inventory and ONE Future. Company owned mobile vehicle emissions, fuel cell emissions, and de minimis emissions (emergency generators, natural gas purchases for comfort heating, landscape equipment, refrigerants, fire suppression equipment, and fugitive methane from hydro reservoirs, coal piles and natural gas transmission pipelines not required to be tracked under GHGRP) are also included in Scope 1. "Other" includes Transmission & Distribution, PowerSecure, and Southern Nuclear, as well as the Southern Company system's leveraged leases, company-owned mobile fleet and de minimus emission sources.

[3] Southern Company system's Scope 2 GHG emissions are calculated using the equity share approach presented in the WRI/WBCSD GHG Protocol Scope 2 Guidance for its owned assets. The data provided here represents market-based Scope 2 emissions. The GHG emissions included in Scope 2 are emissions from electricity purchases for company use at company-owned locations that are located outside of the Southern Company system's retail electric service territory, and emissions from line losses on Southern Company system's T&D system from power purchased for resale to Southern Company system's customers. The market-based calculations use a combination of supplier-provided emissions factors, where available, Green-e residual mix emission factors, and regional EPA eGRID emission factors.

[4] Southern Company system's Scope 2 GHG emissions are calculated using the equity share approach presented in the WRI/WBCSD GHG Protocol Scope 2 Guidance for its owned facilities. The data provided here represents location-based Scope 2 emissions. The GHG emissions included in Scope 2 are emissions from electricity purchases for company use at company-owned locations that are located outside of the Southern Company system's retail electric service territory, and emissions from line losses on the Southern Company system's T&D system from power purchased for resale to Southern Company system's customers. The location-based calculations use regional EPA eGRID emission factors.
[5] Calculated beginning in 2021 (not relevant). Emissions from Purchased Goods and Services, Capital Goods, and Upstream Transportation and Distribution are calculated using the spend-based method, using total dollars spent in each purchase category and EPA's Supply Chain Commodity emission factors. In general, data are available in the summer following the reporting year.
[6] Relevant, calculated beginning in 2017 using a combination of supplier-specific method, average data method, and spend-based method. 2019 includes emissions from power purchased for resale to customers. 2020 includes emissions from power purchased for resale to customers, as well as upstream emissions from coal purchases. 2021-2023 includes emissions from power purchased for resale to customers, as well as upstream emissions from fuel purchases (coal, natural gas, oil and nuclear fuel). Emissions calculated from the generation of purchased electricity that is sold to end users includes spot and market purchases, power purchase agreements and interchange purchases. Market-based emission factors are applied where available; EPA eGRID emission factors are applied for spot and market purchases when the generating source is unknown or where market-based emission factors are not available. Upstream emissions associated with coal purchases are calculated using supplier data where available. EPA or WRI emission factors for coal mining and transportation are applied where supplier data are not available. Upstream emissions from natural gas purchases are calculated using emission factors from a NETL paper on natural gas supply chain emissions. Upstream emissions from fuel oil purchases are calculated using dollars spent and EPA supply chain emission factors. Upstream emissions from nuclear fuel are calculated using information from the UN Lifecycle Assessment of Electricity Technologies paper. In general, data are available in the summer following the reporting year.

[7] Calculated beginning in 2021 (not relevant). The average-data method outlined in the WRI/WBCSD GHG Protocol Technical Guidance for Calculating Scope 3 Emissions is used to calculate emissions for the following waste categories: mixed MSW, mixed paper, mixed metals, mixed recyclables. Emissions factors are sourced from EPA's Emission Factor Hub. Emissions associated with nuclear spent fuel management are calculated using information provided the UN Lifecycle Assessment of Electricity Technologies paper. In general, data are available in the summer following the reporting year.

[8] Calculated beginning in 2021 (not relevant). Includes air travel, car travel, and lodging associated with the Southern Company system's business travel. Emissions are calculated using the spend-based method in which EPA's supply chain emission factors for travel activities were applied to the dollars spent in each travel category. In general, data are available in the summer following the reporting year.

[9] Calculated beginning in 2021 (not relevant). Calculated using the average data method. Emissions from employee commuting are calculated using average employee commuting mileage and average passenger vehicle fuel economy, with EPA emission factors applied. Employee commuting data is collected based on the number of individuals badging into company locations each day of the reporting year. In general, data are available in the summer following the reporting year.

[10] Calculated beginning in 2021 (not relevant). Calculated using the asset-specific method. Includes emissions from leased mobile vehicles and aircraft calculated using EPA emission factors and electricity purchases for leased assets outside of the Southern Company system's retail electric service territory calculated using the WRI/WBCSD Scope 2 Protocol. In general, data are available in the summer following the reporting year.

[11] Not calculated because this category is not relevant to the Southern Company system's operations.

[12] Relevant, calculated beginning in 2017 using the direct use phase emissions from fuels and feedstocks method. Includes emissions from the combustion of natural gas sold to customers, calculated using the volume of sold gas delivered to customers and combustion emission factors from EPA's Greenhouse Gas Reporting Program. The Southern Company system updated its calculation methodology beginning in 2021 to account for all Company-owned gas volumes delivered to customers (as reported through Form EIA-176), which aligns with WRI's equity share approach. Prior to 2021, the Southern Company system reported its emissions from Subpart NN of EPA's Greenhouse Gas Reporting Program; however, Subpart NN emissions do not account for natural gas sold to high volume customers nor do they account for gas sold through non-owned distribution systems. Additionally, Subpart NN includes emissions from third-party deliveries. In general, data are available in the summer following the reporting year.

[13] Calculated beginning in 2021 (not relevant). Includes emissions from the Southern Company system's investments using the investment-specific method. In general, data are available in the summer following the reporting year.

[14] Emissions from equity-owned electricity generated (includes Sulfur Hexaflouride (SF6)). Does not include gas sector or purchased power.

[15] Intensities are calculated with emissions from equity-owned electricity generated for sale to retail and wholesale customers. Does not include gas sector, purchased power or leveraged lease facilities.

[16] Emissions from equity-owned electricity generated for sale to retail and wholesale customers. Does not include gas sector, purchased power or leveraged lease facilities. The Southern Company system reports releases of Toxics Release Inventory (TRI) compounds, including lead and mercury, as required by the EPA. In general, data are available in the summer following the reporting year.

[17] Based on reporting in the TRI. In general, data are available in the summer following the reporting year.

[18] Renewable energy credits (RECs) retired on behalf of all customers were included in the calculation as zero emissions for associated loads. Generation associated with unretired RECs or RECs that were kept by or sold to third parties were considered "null" energy in the calculation, and an EPA eGRID emission factor was applied to this generation. RECs retired on behalf of specific customers, such as for purposes of a green energy program, and associated loads were excluded from this calculation.

[19] Emissions from gas sector for equity-owned assets, as tracked under the EPA's Greenhouse Gas Reporting Program (40 CFR 98). Additional emissions sources for the gas distribution sector are also included consistent with the EPA's Greenhouse Gas Inventory and ONE Future methodologies. In general, data are available in the summer following the reporting year.

[20] Distribution methane intensity (MtCH4 emitted ÷ MtCH4 delivered) is based on ONE Future methodology for the Distribution sector. Methane Intensity varies year to year based on factors including system and customer growth, variations in throughput due to weather and changes in EPA reporting methodologies. For 2020, EPA adopted a new methodology for calculating methane emissions for certain source categories that is the primary driver of the intensity increase reported for 2020-2021. For all reported years, methane intensity is well below the ONE Future 2025 Distribution sector goal of 0.44%. In general, data are available in the summer following the reporting year.

Sustainability Data Table

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Operations

Metric	2023	2022	2021	2020	2019
Electric Operations					
Electricity generation (owned and purchased power) (percent) [21]:					
Coal	17 %	20 %	21 %	17 %	22 %
Natural gas	52 %	50 %	48 %	51 %	50 %
Nuclear	17 %	15 %	16 %	17 %	16 %
Renewables/other	14 %	15 %	15 %	15 %	12 %
Total owned nameplate capacity (MW) [22]	45,629	45,667	43,720	44,535	45,820
Coal	8,523	9,306	9,754	11,109	11,779
Gas	22,590	22,048	19,991	20,174	20,517
Nuclear	4,233	3,680	3,680	3,680	3,836
Oil	1,685	1,869	1,813	1,867	2,010
Total renewable energy resources	7,764	7,926	7,700	7,029	7,006
Biomass/biogas	0	0	10	10	125
Geothermal	0	0	0	0	0
Hydropower [23]	2,230	2,215	2,207	2,207	2,207
Solar	3,000	3,183	2,955	2,701	2,620
Wind	2,535	2,528	2,528	2,110	2,054
Storage [24]	711	714	659	553	553
Other [25]	124	124	123	123	119
Total owned gross electricity generation (MWh)[26]	191,558,989	193,664,816	189,286,241	180,744,052	193,828,362
Coal	34,696,017	42,546,931	43,131,536	33,239,273	45,215,880
Gas	101,723,753	98,679,080	92,376,078	94,059,005	98,281,796
Nuclear	34,234,989	30,556,801	31,835,585	31,798,848	31,512,838
Oil	59,182	133,270	86,826	98,140	102,485
Total renewable energy resources	19,963,513	21,621,398	21,715,957	21,408,526	18,670,281
Biomass/biogas	0	0	40,261	84,619	90,116
Geothermal	0	0	0	0	0
Hydropower	4,949,939	6,061,124	7,251,444	8,254,415	6,567,850
Solar	6,210,025	6,467,933	6,040,589	5,876,413	5,858,418
Wind	8,803,549	9,092,341	8,383,664	7,193,079	6,153,898

Other[27]	881,535	127,337	140,260	140,260	45,083
Total owned net electricity generation (MWh) [26]	185,735,113	187,098,505	182,410,716	175,221,103	186,567,524
Coal	32,115,140	39,284,144	39,646,454	31,585,343	41,199,524
Gas	99,977,411	96,762,000	90,115,481	92,091,544	96,478,296
Nuclear	32,753,406	29,200,395	31,123,940	30,386,885	30,099,204
Oil	59,166	128,528	82,001	93,424	97,515
Total renewable energy resources	19,948,455	21,596,101	21,302,582	20,923,648	18,647,902
Biomass/biogas	0	0	40,261	84,619	90,116
Geothermal	0	0	0	0	0
Hydropower	4,934,881	6,035,827	6,838,068	7,769,536	6,545,471
Solar	6,210,025	6,467,933	6,040,589	5,876,413	5,858,418
Wind	8,803,549	9,092,341	8,383,664	7,193,079	6,153,898
Other[27]	881,535	127,337	140,260	140,260	45,083
Total wholesale electricity purchased (MWh)	14,600,432	17,386,146	13,714,832	13,346,736	11,862,093
Percent revenue:*					
Coal-fired generation (percent)[28]		11.4	13.4	-	-
Carbon-free generation (percent)[29]		8.8	11.0	-	-

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[21] Annual energy mix represents all of the energy the Southern Company system uses to serve its retail and wholesale customers during the year. It is not meant to represent delivered energy mix to any particular retail customer or class of customers. Annual energy mix percentages include non-affiliate power purchase agreements. Renewables/other category includes wind, solar, hydro, biomass and landfill gas. With respect to certain renewable generation and associated RECs, to the extent an affiliate of Southern Company has the right to the RECs associated with renewable energy it generates or purchases, it retains the right to sell the energy and RECs, either bundled or separately, to retail customers and third parties.

[22] Nameplate capacities disclosed in the Sustainability Data Table may differ from capacities reported in the Southern Company Form 10-K. The nameplate capacities in the Sustainability Data Table may be classified differently or include additional generating sources in order to align with the equity share approach outlined in the WRI/WBCSD GHG Protocol. Capacity of units is included based on their primary fuel type. Some units may have dual fuel capability. Total owned nameplate capacity includes storage.

[23] Total owned nameplate capacity for Hydropower excludes pump storage, which is instead included in the Storage category.

[24] Total owned nameplate capacity for Storage includes battery storage and pump storage hydropower.

[25] Total owned nameplate capacity for Other category includes fuel cells.

[26] This information represents generation owned by a subsidiary of Southern Company and not generation to serve any particular retail loads. For generation from a renewable source, to the extent Southern Company subsidiaries receive the RECs from those sources, they retain the right to use such energy and RECs to serve their customers with renewable energy or to sell the energy and RECs, bundled or separately, to third parties. The ultimate purchaser or users of the RECs have the exclusive right to claim that the renewable energy associated with the RECs was used to serve their load.

[27] Total owned gross and net electricity generation for Other category includes fuel cells.

[28] Percentage shown is of total company revenue and is based on allowed return on equity (ROE) for currently operating coal units in retail rate base (including associated environmental controls), coal-related wholesale revenues and coal-related expenses. Data for the reporting year are expected midyear of the following year. Data are unavailable prior to 2021.

[29] Percentage shown is of total company revenue and is based on allowed ROE for currently operating company-owned units in retail rate base, wholesale revenues, and related expenses. This percentage also includes revenues collected from power purchase agreements (PPAs). Carbon-free resources include both company owned and contracted generating resources including nuclear, hydropower, wind, solar, and battery storage. A portion of the revenues from carbon-free resources includes capacity where the renewable generator or subscribing customers retains ownership of the associated RECs, which is specified in each respective PPA. The party that owns the RECs retains the right to use them. Data for the reporting year are expected midyear of the following year. Data are unavailable prior to 2021.

Sustainability Data Table

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Operations

Metric	2023	2022	2021	2020	2019
Customers					
Number of customers (thousands)[30]	8,861	8,795	8,722	8,630	8,547
Electric operations	4,487	4,437	4,385	4,322	4,270
Residential	3,890	3,844	3,795	3,741	—
Commercial	570	566	562	553	—
Industrial	17	17	17	17	—
Other	10	10	10	11	—
Gas distribution operations[31]	4,374	4,358	4,337	4,308	4,277

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[30] As reported in the Southern Company Form 10-K, Territory Served by the Southern Company System: Traditional Electric Operating Companies and Southern Power. The number of customers by category for electric operations was first reported in the 10-K beginning in 2020. 2023 10-K (Page I-6) (https://d18rn0p25nwr6d.cloudfront.net/CIK-0000092122/9619ee32-4e60-409f-8df9-407b49aa0ef1.pdf#page=16).

[31] As reported in the Southern Company Form 10-K, Territory Served by the Southern Company System: Southern Company Gas. 2023 10-K (Page I-8) (https://d18rn0p25nwr6d.cloudfront.net/CIK-0000092122/9619ee32-4e60-409f-8df9-407b49aa0ef1.pdf#page=18).

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Environment

Metric	2023	2022	2021	2020	2019
Water Management					
Total water withdrawal (million gallons/day)[32]	2,025	2,029	1,828	1,866	2,393
Total water withdrawal (megaliters)[33]	2,797,759	2,802,924	2,526,093	2,578,706	3,306,404
Surface water withdrawal (megaliters)	2,788,322	2,794,555	2,517,756	2,566,019	3,284,132
Groundwater withdrawal (megaliters)	5,785	4,942	4,630	4,614	7,630
Third-party water withdrawal (megaliters)[34]	3,334	3,137	3,361	6,057	11,880
Other water withdrawal (megaliters)[35]	318	290	345	2,017	2,763
Total water withdrawal from facilities in "High" or "Extremely High" baseline water stress (megaliters)[36]	0	0	0	0	0
Total water consumption (million gallons/day)[37]	212	202	206	205	224
Total water consumption (megaliters)[38]	293,447	279,413	284,256	283,745	309,864
Surface water consumption (megaliters)	284,011	271,044	275,919	271,058	287,592
Groundwater consumption (megaliters)	5,785	4,942	4,630	4,614	7,630
Third-party water consumption (megaliters)[39]	3,334	3,137	3,361	6,057	11,880
Other water consumption (megaliters)[40]	318	290	345	2,017	2,763
Total water consumption from facilities in "High" or "Extremely High" baseline water stress (megaliters)[36]	0	0	0	0	0

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[32] Total water withdrawal for thermal generation, in million gallons per day.

[33] Total water withdrawal for thermal generation, in megaliters.

[34] Water withdrawal from municipal water sources used for thermal generation, in megaliters.

[35] Grey water withdrawal used for thermal generation, in megaliters.

[36] Baseline water stress as classified by the World Resources Institute Water Risk Atlas Tool, Aqueduct.

[37] Total water consumption from thermal generation, in million gallons per day.

[38] Total water consumption from thermal generation, in megaliters.

[39] Water consumption from municipal water sources used for thermal generation, in megaliters.

[40] Grey water consumption for thermal generation, in megaliters.

Sustainability Data Table

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Environment

Metric	2023	2022	2021	2020	2019
Waste Management					
Hazardous waste disposal (metric tons)[41]*		140	136	196	258
Avoided hazardous waste generation (metric tons)[42]*		—	—	—	—
Non-hazardous solid waste generated and disposed (metric tons)[43]*		—	—	—	—
Non-hazardous solid waste diverted from disposal (metric tons)[44]*		—	—	—	—
Coal combustion residual products generated (metric tons)	2,034,704	2,245,792	2,363,163	1,960,618	2,823,818
Percentage of generated coal combustion residual products sold for beneficial use	92 %	93 %	90 %	93 %	81 %
Percentage of ash sold for beneficial use	87 %	88 %	87 %	89 %	71 %
Percentage of gypsum sold for beneficial use	100 %	100 %	94 %	100 %	94 %
Percentage of generated plus stored coal combustion residual products sold for beneficial use[45]	137 %	121 %	122 %	136 %	92 %

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[41] Hazardous waste disposed. Excludes 2018-2021 decommissioning activities of Mississippi Power's integrated coal gasificiation combined cycle project in Kemper County, Mississippi. In general, data are available in the summer following the reporting year.

[42] Metric encompasses materials that were recycled or repurposed. Had disposal been necessary, materials could have required management as a hazardous waste. In general, data are available in the summer following the reporting year.

[43] Total non-hazardous solid waste, including municipal solid waste and industrial solid waste, generated and disposed. In general, data are available in the summer following the reporting year.

[44] Total non-hazardous solid waste, including municipal solid waste and industrial solid waste, diverted from disposal (recycled, reused, repurposed). In general, data are available in the summer following the reporting year.

[45] Percentage of coal combustion residual (CCR) products sold for beneficial use, including CCR products generated in the data year plus stored from a previous year.

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Human Capital

Metric	2023	2022	2021	2020	2019
Workforce					
Total employees	28,100	27,700	27,300	27,700	27,700
Full-time employees (percent)	99.8	99.8	99.8	99.8	99.8
Part-time employees (percent)	0.2	0.2	0.2	0.2	0.2
Women as a percent of workforce	25 %	26	25	25	26
Women as a percent of management	25 %	25	25	24	24
Minorities as a percent of workforce	30 %	30	29	28	28
Minorities as a percent of management	24 %	23	23	22	21
Veterans as a percent of workforce	8 %	8	8	8	8
Women as a percent of new hires	27	31	29	24	30
Minorities as a percent of new hires	42	45	47	38	39
Veterans as a percent of new hires	13	11	9	—	—
Employees covered by agreements with unions as a percent of workforce	32 %	31	32	—	—
Employee turnover:					
Total turnover as a percent of workforce	8.3 %	8.9 %	7.7	5.7	6.7
Voluntary turnover as a percent of workforce	3.3 %	3.9	3.1	1.6	2.2
Retirement as a percent of workforce	3.2 %	3.5	3.4	2.7	3.3
Involuntary turnover as a percent of workforce	1.7 %	1.5	1.2	1.5	1.2
Average employee tenure (years)	14	15	15	15	15
Total training hours [46]	1,052,191	1,016,068	814,752	—	—
Employees earning well-being benefit as a percent of workforce [47]	75	75	81	—	—
Voice of the Employee survey participation as a percent of workforce [48]	76	—	83	—	—
Average tuition reimbursement benefit per participant (dollars)	2,762	3,279	3,595	—	—

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[46] Excludes Southern Nuclear and Contractor employees training hours, as trainings are conducted in a separate system. Training is defined as Technical, Safety and Health, Professional Employee Development, Compliance, Business Tools, and DEI.

[47] Percentage based on number of eligible employees in a calendar year that earned greater than $1 through the well-being platform.

[48] *Voice of the Employee* survey assesses employee engagement across the Southern Company system and is conducted every 2 years.

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Human Capital

	2023	2022	2021	2020	2019
Safety & Health					
Direct employees[49]:					
Work-related fatalities	0	0	0	0	0
Recordable incident rate	1.40	1.35	1.29	1.13	1.38
Serious injury incident rate	0.06	0.05	0.05	0.10	0.08
Days away, restricted, and transfer (DART) rate	1.01	0.99	0.93	0.84	0.88
Lost-time case rate	0.46	0.53	0.49	0.43	0.37
Percentage of employees that worked without an injury that met OSHA recordable requirements	98.6	98.6	98.7	98.9	98.6
Near miss frequency rate (NMFR)[50]	—	—	—	—	—
Contract employees[51]:					
Work-related fatalities	1	0	2	0	0
Recordable incident rate	0.57	0.40	0.97	0.63	0.82

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[49] Direct employees are those the Southern Company system manages daily and includes in OSHA reporting, such as full-time employees, cooperative students, interns and leased employees.

[50] The Southern Company system does not track or calculate a near miss frequency rate.

[51] Contract employees are those whose daily work is managed by, and who are included in the OSHA reporting for, another company. Safety data for contract employees are available for limited business units, and therefore are not representative of all contract employees in the Southern Company system.

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Human Capital

Metric	2023	2022	2021	2020	2019
Supply Chain					
Diverse business supplier spend (million dollars)[52]	2,521	2,067	1,871	1,696	1,706
Total supplier spend (million dollars)[52]	8,666	7,418	7,255	6,643	6,437
Diverse business supplier spend (percent)[52]	29.1	27.9	25.8	25.5	26.5

Southern Company is a holding company that conducts its business through its subsidiaries. Accordingly, unless the context otherwise requires, references in this document to Southern Company's operations, such as generating activities, greenhouse gas emissions and employment practices, refer to those operations conducted through its subsidiaries.

Occasionally, due to timing of data reports, additional information becomes available after report issuance. In these cases, we strive to update both current and prior data points when appropriate. Southern Company seeks to provide the most recent and accurate data in each of its voluntary sustainability reports. To this end, any new metrics included will be provide for the current reporting period. For broken out data, totals may not sum due to rounding.

***** Certain 2023 metrics will not be available until later in the year. The Sustainability Data Table will be updated as this information becomes available.

[52] Supplier spend data for 2019-2021 have been updated to include electric and gas operations.

Sustainability Data Table

Data relating to environment, human capital, and operations is of increasing importance to our stakeholders. We continue to evaluate and enhance our reporting in response to investor feedback. The Sustainability Data Table to follow provides data for key areas of sustainability for the last three fiscal reporting years. All 2023 environmental data are **preliminary** and will be finalized in a midyear publication. For additional information regarding sustainability for the Southern Company system, please visit *https://www.southerncompany.com/sustainability.html.*

Human Capital

Metric	2023	2022	2021	2020	2019
Community Impact					
Total charitable giving (million dollars)[53]	92.10	118.2	108.5	—	—

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* Certain 2023 metrics will not be available until later in the year. The Sustainability Data Table will be updated as this information becomes available.

[53] The data for Total charitable giving (million dollars) are not available for 2019 and 2020.

Sustainability Data Table

Data relating to environment, human capital, and operations is of increasing importance to our stakeholders. We continue to evaluate and enhance our reporting in response to investor feedback. The Sustainability Data Table to follow provides data for key areas of sustainability for the last three fiscal reporting years. All 2023 environmental data are preliminary and will be finalized in a midyear publication. For additional information regarding sustainability for the Southern Company system, please visit *https://www.southerncompany.com/sustainability.html.*

Operations

Metric	2023	2022	2021	2020	2019
Reliability					
Transmission [54]					
System average interruption duration index (SAIDI)	4.8	5.5	6.8	8.0	5.0
System average interruption frequency index (SAIFI)	0.090	0.085	0.095	0.112	0.079
Customer average interruption duration index (CAIDI)	53	65	72	71	63
Distribution [54]					
System average interruption duration index (SAIDI)	109.6	136.1	120.7	131.8	128.1
System average interruption frequency index (SAIFI)	0.993	1.155	1.084	1.219	1.168
Customer average interruption duration index (CAIDI)	110	118	111	108	110
Percentage of electric load served by smart grid technology	100	100	100	100	100

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Occasionally, due to timing of data reports, additional information becomes available after report issuance. In these cases, we strive to update both current and prior data points when appropriate. Southern Company seeks to provide the most recent and accurate data in each of its voluntary sustainability reports. To this end, any new metrics included will be provide for the current reporting period. For broken out data, totals may not sum due to rounding.

* Certain 2023 metrics will not be available until later in the year. The Sustainability Data Table will be updated as this information becomes available.

[54] SAIDI, SAIFI and CAIDI results based on internal Southern Company system reporting methodology.

Chattanooga Gas Company
Docket No. 24-00024
Chattanooga Gas Company's 2023 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-16

QUESTION:

Explanation. Refer to the Company's response to Consumer Advocate DR No. 1-14, Attachment B. Specifically the <Weems Exhibit TW-1_12947907_1>, Schedule 9, Loss Carryover amounts contained on pdf page 34 of 64, and Schedule 35.7 ADIT Workpaper (2023), and respond to the following (all related to state excise tax issues):

a. Provide a narrative explanation for reflecting a positive value associated with the Current Excise Tax on Schedule 9, given the existence of a sizeable state loss carryforward as reflected in the attachment to response to Consumer Advocate DR No. 1-14;

b. Given the sizeable Tennessee Net Operating Loss and as it is unlikely the Company will be required to make state excise tax payments in the near future, provide a narrative explanation for the reasonableness of adopting the flow-through method of computing state excise tax expense for ratemaking purposes; and

c. If the Company believes it likely will be making state excise tax payments in the next five years, provide an explanation for this conclusion.

RESPONSE:

a. The State Excise Tax on Schedule 9 line 13, reflects the current period's tax expense based on the current period's accounting for revenues and expenses per books. This is the State Excise Tax expense that would be payable for the current period if there were no differences in the time that revenues and expenses are recognized for book purposes and the time that revenues and expenses are recognized for tax purposes. However, the recognition of revenues and expenses for book and tax do differ. For example, there is a major difference related to the recognition of depreciation. For book purposes, depreciation is computed using straight line method while for tax purposes accelerated depreciation rates are allowed. During the early service life of an asset, the depreciation recognized for tax exceeds the depreciation recognized for book purposes resulting in the taxable income tax being lower than the income tax computed using the book depreciation. As a result, the current income tax payable will be less than the income tax computed using the book depreciation rates. In the later years, there is a reverse effect. The taxable income using the tax depreciation rates will be greater than the taxable income using the book depreciation rates resulting the tax payable being greater. This difference in tax is accounted for using the deferred tax account. This accounting process is in accordance the Generally Accepted Account Principles and ratemaking practices. The sum of the current and the deferred tax is the tax expense for the period recognized for both financial and rate making purposes. A tax loss carry forward is a result of the expenses recognized for tax purposes for a period being greater than the revenue recognized for tax purposes. While a tax loss carry forward will impact the taxes that are paid in a future period, it does not impact the actual tax expense recognized for the current or future period. Such a loss carry forward is a timing difference that will be reversed when the loss is able to be recognized for tax purposes, the loss carry forward does not impact the tax expense for current or future periods.

b. The use of flow through accounting for Tennessee Excise Tax for ratemaking purposes is no more appropriate than using flow through accounting for Federal Income Tax for ratemaking purposes. The reasons for the deferral of Tennessee Excise Tax are the same as for Federal Income Tax purposes. The deferral for both Federal Income Tax and Tennessee Excise Tax is the result of the difference in the time that revenues and expenses are recognized for book purposes and the time that the revenues are recognized for tax purposes. As shown on Schedule 37.07 the loss carry-forward balance is $16,630,067. If rates were to increase by the $8,422,852 needed to recover the 2023 deficiencies and allow CGC to earn its authorized rate of return as shown on Schedules 1 and 10, the income used to compute the Tennessee Excise Tax would increase by $8,422,852. That increase alone would utilize approximately 50% of the current loss carry forward balance. Changing the rate making methodology from deferred accounting to flow-through accounting for Tennessee Excise Tax is not appropriate. The adoption of flow-through accounting would be short-sighted and contrary to generally accepted accounting and ratemaking practices.

c. Please see response to b (above).

Witness: Tiffani Weems
Manager, Regulatory Accounting
Southern Company Gas

Chattanooga Gas Company
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Chattanooga Gas Company's 2023 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-17

QUESTION:

Identification and Explanation. Refer to the response to Consumer Advocate DR No. 1-16. Identify the account/subaccount and associated title of the deferred tax liability that offsets the 133201T deferred tax asset. If the liability has been reduced since the date it was established, provide an explanation for the debit transactions used to reduce the liability.

RESPONSE:

The initial FAS 109 deferred tax liability that offset the 133201T regulatory deferred tax asset was recorded within the accounts listed below (excluding federal benefit of state).

28201050 ADIT-Oth Prop St-Util (formerly 279150 Accel St Tax Depr-Property)
28301050 ADIT-DTL-Util St-Other (formerly 279250 Other Timing Differences-State)

While the Company's overall state deferred tax liability has increased since this time due to subsequent capital expenditures, the initial FAS 109 deferred tax liability recorded to accounts 279150 and 279250 has been reduced since the date it was established through the turning of temporary state book-tax timing differences. These temporary differences had no impact to total tax expense, whereas the initial state deferred tax liability created on September 30, 2001, should have had total tax expense implications which would have been recovered through amortization of the regulatory asset.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 24-00024
Chattanooga Gas Company's 2023 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-18

QUESTION:

Identification. Regarding ESG training provide the following:

a. Identify the number of CGC employee hours spent in ESG in-person training in 2023; and
b. Identify the number of CGC employees who completed software-delivered ESG training packages whereby employees reviewed online information and confirmed completion of the training/educational package in 2023.

RESPONSE:

The trainings are optional, and employees can complete virtual or in-person training. The Company does not track the number of employees and therefore hours for ESG training.

Witness: Paul Leath
Director, Regional Operations
Southern Company Gas

Chattanooga Gas Company
Docket No. 24-00024
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CONSUMER ADVOCATE'S Discovery Requests Set: CA-1

CA 2-19

QUESTION:

Explanation and Identification. Refer to the attached file, Allocated Charge Detail.xlsx, which was compiled from Company Schedule 19.3. As detailed in the Allocated Charge Detail file the following Southern Company's allocated the following amounts to account 923-Outside Services to CGC during 2023. Provide answers to the following regarding these transactions:

Charging Company	Account	Allocations	Direct Assigned	Total
Alabama Power Company	923	$ 32,678	$ 32,678	$ 65,355
Mississippi Power company	923	687	687	$ 1,375
Southern Nuclear Operating Company	923	651	651	$ 1,302
		$ 34,016	$ 34,016	$ 68,032

a. A narrative explanation of how these costs relate to the provision of service by CGC;
b. A narrative explanation of why all the charges from these entities are to Account 923;
c. A narrative explanation detailing why the allocated and direct assigned amounts are the exact same for these entities;
d. Identification and Explanation of the method by which these charges were allocated, direct charged or direct assigned in accordance with the Cost Allocation Manual (CONFID Sch 32) Section III, Part B (1, 2 &3) where it outlines rate/ratios used; and
e. If the answer to (d) above is that these charges were direct charged or direct assigned; provide the ratio used to allocate these costs to CGC, as outlined in the Company's Cost Allocation Manual.

RESPONSE:

a. Cost originating from Alabama Power Company (APC), Mississippi Power Company (MPC), and Southern Nuclear Operations (SNC) are charged to Southern Company Service (SCS) projects and then allocated using allocation methodologies consistent with the services agreement. APC, MPC, and SNC supports the companywide network management and infrastructure services.

b. Allocated costs from SCS to GAS are recorded to account 923.

c. There appears to be a discrepancy between the allocated costs presented by the Consumer Advocate in the above table and the total amount charged to CGC. The total cost charged to CGC from the listed entities should be $16,842, as shown in the table below.

Department	ResType	Account No.	YearTotal Cost
APC	Allocation Transaction	**40300000**	115
		92300000	16,035
MPC	Allocation Transaction	**92300000**	343
SNC	Allocation Transaction	**92300000**	349
			16,842

d. All of the referenced costs are allocated from SCS to GAS in accordance with Section III, Part B, Subsection 3, Distributed and Allocated. Additionally, the current allocation matrix containing target cost centers and cost allocation methodologies are provided in Schedule E.

e. Not applicable.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-20

QUESTION:

Refer to Schedule 24.3 as filed with the Company's Petition. Specifically, refer to cell J7, a direct assignment of $78,000 in Account 921 regarding membership dues and provide the following:

a. Identification of the entity(ies) these dues cover;
b. Identification of the title(s) of the member(s) covered; and
c. A narrative explanation of whether these charges were direct assigned or direct assigned using the payroll ratio as defined in the Company's Cost Allocation Manual.

RESPONSE:

The cost referenced above is being removed through a rate making adjustment on Schedule 7.1, cells L111, L112, L113. The Company has updated Schedule 24 to reflect the adjustment.

Witness: Tiffani Weems
Manager, Regulatory Accounting
Southern Company Gas

Respectfully submitted,

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